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ABSTRACT

This volume contains the technical paper prepared by DHEW to give additional data and a more detailed analysis of materials used to study the cost implications of the Federal Interagency Day Care Requirements (FIDCR). This study was part of a larger project to investigate two questions: is the Federal regulation of day care financed under Title XX appropriate? Are the specific requirements for day care now imposed under Title XX appropriate? This volume contains six sections, each called a Technical Note (TN). TN 1 analyzes the cost of the FIDCR child-staff ratios; TN 2 provides alternative estimates of costs of FIDCR ratios; TN 3 analyzes the cost of compliance, in centers whose funds in part, or in whole, derive from the Federal government (FFP); TN 4 provides an estimated mean cost per child by type of day care facility; TN 5 analyzes the likelihood for integration/segregation of children, by race and/or socioeconomic status, as a function of a facility's source of funds and as a function of a facility's profit/non-profit status; and TN 6 provides estimates of the number of FFP children in day care centers. A 1-page bibliography, a 17-page glossary of terms, and three appendices are included. (Author/DB)

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The Appropriateness of the Federal Interagency Day Care Requirements . . .

TECHNICAL PAPER 3:

COST IMPLICATIONS OF THE FIDCR

PS011393

U.S. DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE
OFFICE OF ASSISTANT SECRETARY FOR
PLANNING AND EVALUATION

COST IMPLICATIONS OF THE FIDCR:

The Derivation of the Estimates in the Report to the Congress Entitled "The Appropriateness of the Federal Interagency Day Care Requirements..." and an Analysis of Alternative Assumptions

By

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January 1980

PS011393

U.S. Department of
Health, Education, and Welfare

Office of the Assistant Secretary for
Planning and Evaluation

PREFACE

In June 1978 the Secretary of the Department of Health, Education and Welfare transmitted to Congress the "Report on the Appropriateness of the Federal Interagency Day Care Requirements (FIDCR): Report of Findings and Recommendations," pursuant to the provisions of the Social Services Amendments of 1974 (Public Law 93-647).

The mandate contained in Section 2002 (a) (9) (B) of Title XX of the Social Security Act required the Secretary to submit to Congress "an evaluation of the appropriateness of the requirements...together with any recommendations he may have for modifications of those requirements".

Definition of the word "appropriateness" was not provided by Congress in P.L. 93-647 nor were criteria by which the appropriateness of the FIDCR might be evaluated. In developing its approach to the preparation of the report, therefore, the Department looked to the congressional background of the intents and goals of Title XX and the FIDCR.

The Department decided that the report should attempt to answer two fundamental questions:

1. Is the Federal regulation of day care financed under Title XX appropriate?

2. Are the specific requirements now imposed appropriate?

In answering those questions the Department analyzed data and issues along three parallel lines of inquiry: the impact of the FIDCR on children, families and providers, examined in Chapter 2; the costs of imposing the FIDCR, analyzed in Chapter 3; and the administration of the FIDCR at all levels of government, discussed in Chapter 4.

At the time of transmittal the Department declared its intention to publish three technical papers to expand on these three major topics.

The present volume contains the technical paper prepared to give additional data and more detailed analysis of the material in Chapter 3 of the report, "Cost Implications of the FIDCR."

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INTRODUCTION

The Federal Interagency Day Care Requirements (FIDCR) specify a set of characteristics that day care must have in order to qualify for Federal funding. Since the characteristics set forth in the FIDCR were generally believed to raise the cost of day care an analysis of the cost impact of the FIDCR was an important part of the June 1978 Report to Congress, The Appropriateness of the Federal Interagency Day Care Requirements. That report, hereafter referred to as the Appropriateness Report, presented analyses of the estimated added cost of each of the FIDCR components and summaries of the cost estimates used.

Only the cost of the FIDCR child-staff ratios could be estimated with precision, however. The language of the other components generally lacks the specificity necessary to define a minimum set of resources required to meet them. For some of those components several models that could plausibly meet the FIDCR were defined and a set of costs estimated. For other components it was possible to conclude that the requirement could be met without significantly increasing the resources normally provided in private day care. The limited analysis of the cost of these components was reported fairly completely in the Appropriateness Report and there is little to be added.

In view of the limitations on estimating costs for other provisions, only the FIDCR child-staff ratio cost estimates will be dealt with in the technical notes which are presented here as an addendum to the Appropriateness Report. In addition to a detailed explanation of the derivation of the estimates actually used, estimates of the cost of FIDCR ratios based on alternative assumptions will be presented. Additional statistics on the separation of FFP and non-FFP children, added details on the estimates of average cost by center type, and a brief analysis of the differences between the average cost estimates in the Appropriateness Report and those reported in

the Final Report of the National Day Care Supply Study are also included. Finally, limitations of the various estimates are noted.

The material presented in these technical notes is intended primarily to assist persons who will be responsible for the regulatory analysis of future FIDCR revisions, those inside and outside of H.E.W. who want technical details on estimates included in Chapter 3, "Cost Implications of the FIDCR," of the Appropriateness Report, and persons both inside and outside of H.E.W. who may wish to critique the estimates of cost included in the Appropriateness Report or cost estimates of a proposed new FIDCR.

Details have been supplied which will enable the reader with access to the original sources to check the complete details of the estimates of the cost of the FIDCR ratios. For those without access to the original sources, the estimates can be critically reviewed and other estimates using alternative assumptions can be readily calculated.

Cost estimates included in the Appropriateness Report were derived from data originally gathered in the National Day Care Center Supply Survey, hereafter referred to as the Supply Survey. This survey, carried out as part of the National Day Care Study 1/, was a national probability survey of 3,167 day care centers conducted by telephone in quarterly rounds over a period of one year. An on-site survey of 70 centers was then conducted to test the reliability of the data collected by telephone and to obtain information that could not be obtained through telephone conversations. Some of those data appeared in a 1977 draft report of the National Day Care Study (Supply Study '77), and some appeared in a final report issued in July 1978 (Supply Study '78). In each instance the source used will be noted, with a

1/ The National Day Care Study was conducted for the Administration of Children, Youth and Family, DHEW, by Abt Associates Inc. HEW project officer was Al Smith. Abt director of the National Day Care Study was Richard Ruopp, and Abt director of the Supply Survey was Craig Coelen.

complete reference in the bibliography. Unpublished data from the Supply Survey were also used. Some of these data are in the form of a computor print-out and other data were obtained by telephone. Unpublished data from the Supply Survey will be noted as (Supply Survey, unpub.). Other sources will be fully described in the text.

As described in the Appropriateness Report, the FIDCR apply only to care funded by certain federal programs, including Title XX, the Work Incentive Program (WIN) and Child Welfare Services (CWS). Title XX is by far the largest of the programs. Under Title XX states receive $2.7 billion in Federal funds which may be used for a variety of services. Nationally, Title XX child care accounts for about 23% of all Title XX expenditures, although the percentage spent for child care varies greatly by State.

In the following discussion child care funded by these programs is referred to as Federal Financial Participation care, or FFP care. Similarly, children whose care is funded by these programs are referred to as FFP children, and facilities serving these children are referred to as FFP facilities. A FFP condition is a specification set forth in a grant to a State or local government which must be met in order to qualify for Federal reimbursement for expenditures. Thus the FIDCR constitute FFP conditions for any day care funded by the programs mentioned above.

In addition, the following terms will be used in the Technical Notes that follow:

- Non-FFP profit: Centers that do not receive Government funds and are operating for profit.
- Non-FFP nonprofit: Centers that do not receive Government funds and are not operating for profit.
- FFP profit: Centers that receive Government funds and are operating for profit.
- FFP nonprofit: Centers that receive Government funds and are not operating for profit.

- Waiverable: Centers that receive Government funds but have five or fewer Government funded children (not to exceed 20 percent enrollment paid by Government funds). These centers may be exempted by the State from FIDCR ratio requirements.

- FTE: Full-time equivalent (e.g., two half-time children equal one FTE child).

TECHNICAL NOTE 1
THE COST OF THE FIDCR CHILD-STAFF RATIOS

FIDCR RATIOS AS A CONSTRAINT

The FIDCR set conditions which must be met in child care facilities funded by Title XX, and thereby place certain restrictions on the decisions of State and local administrators and providers. For example, since meeting the FIDCR in day care centers generally requires more resources (e.g., child care workers) than are necessary to meet State licensing standards and more resources than are typically utilized in non-FFP care, the FIDCR constrain States to pay more per child to purchase care than typical consumers pay when purchasing care with their own funds. Thus, the FIDCR inhibit a State's ability to choose between providing relatively inexpensive care for a comparatively large number of children and relatively expensive care for comparatively few children. Without the FIDCR, child-staff ratios and other elements of day care would be controlled entirely by State and local purchasing standards. The content of these standards would be determined through a political process at the State and local level. To the extent that this local process might result in standards substantially less costly than care that meets the FIDCR, then the constraint imposed by the FIDCR means significant added cost per child.

The cost of this constraint (i.e., the cost of care meeting the FIDCR as compared to other care), is important for several reasons. The higher the cost per child, the fewer children can be served within a given budget. Also, the greater the difference between the cost per child of care that qualifies to serve FFP children (i.e., that meets the FIDCR), and the cost of privately purchased care, the greater will be the tendency for FFP and non-FFP children to be separated. In judging the FIDCR, public policy makers must weigh the benefits resulting from care that meets those requirements against the added costs.

DEFINITION OF ADDED COST

The policy of subsidizing child care is not directly at issue in this analysis. Primary emphasis in the Appropriateness Report was placed on the additional cost of care meeting the FIDCR compared with care that would be purchased by States if there were no FIDCR. However, estimates of the average cost of care in FFP and non-FFP centers were also made. Details of the later estimates are presented in Technical Note 3, Estimates of the Average Cost of Center Care by Type of Center.

In estimating the additional cost imposed by the FIDCR it is plausible to use as a basis of comparison either the cost of care meeting the minimum State licensing requirements or the cost of care purchased in the private pay market. The latter approach was used in making the estimates included in the Appropriateness Report.

Several factors made this approach appear to be the most relevant to an assessment of the appropriateness of the FIDCR. Clearly the difference between the cost of private market care and the cost of care meeting FIDCR is relevant for an analysis of the extent to which the FIDCR promote separate markets for FFP and non-FFP children.

In addition, it seems virtually certain that without FIDCR, State purchasing ratios would on the whole lie between the FIDCR ratios and the State licensing ratios, which historically were designed only to assure bare minimums of safety and health protection. A plausible conclusion is that without the FIDCR State purchasing ratios would be about equal to the average ratio in non-FFP care. Nationally eighty-seven percent of non-FFP centers have child-staff ratios that fall below the maximum permitted by State licensing requirements, given the age distribution of children in the center. 1/

1/ This conclusion is based on estimates of compliance with State licensing standards reported in the Supply Study (78). A relatively lenient method of determining compliance was used in the Supply Study. A more stringent method of measuring compliance would alter the conclusion to an unknown but possibly considerable extent. The affect of variation in the method of determining compliance on the proportion of FFP centers complying with the FIDCR ratios is explored in Technical Note 2.

It seems reasonable to assume that State purchasing ratios would be the result of a compromise between advocates of high ratios (many children per caregiver) and advocates of low ratios (few children per caregiver). Since the strength of these groups varies among States considerable diversity in purchasing ratios might exist among States. Still, it seems plausible that the ratios States would require if freed from the FIDCR would be lower (fewer children per caregiver) than the licensing maximums, assuming that child advocacy groups would generally have the strength to assure adoption of standards with ratios that would not exceed ratios in the private pay market. On the other hand, the voices of fiscal conservatism seem to be stronger in State legislatures than in Congress and it is unlikely that many States would adopt purchasing requirements with ratios as low as those of the FIDCR. Also, providers currently supplying care to non-FFP children and desirous of also providing care to FFP children in an integrated center could probably be expected to support ratios close to those at which they now operate. Lower ratios might make care too costly for fee paying parents, and while higher ratios would make it possible to serve FFP children at a lower cost, both non-FFP parents and the providers themselves might find such high ratios unacceptable.

Working from the assumption that States would establish child-staff ratios about equal to the national average prevailing in non-FFP care, the added cost of the FIDCR ratios was defined as the difference between the caregiver cost per FTE child (unit caregiver cost) if the FIDCR ratios are met and the unit caregiver cost in non-FFP care.

The added unit caregiver cost depends on the additional number of caregiver hours (and the hourly price of caregivers) required to meet the FIDCR ratios. Since there are a number of ways in which required hours can be measured (e.g., adjusting or not adjusting for child absence) there are several possible estimates of the number of enrolled children permitted per caregiver and of the number of added hours required to meet the FIDCR. Hence various estimates of the added cost are possible.

The estimates of added cost included in the Appropriateness Report and in this Technical Note are based on Supply Study (unpub) estimates of the number of staff in non-FFP centers and of the additional staff that would be

needed in order to meet the FIDCR ratios. The method used in the Supply Study (77 and unpub) is consistent with the method suggested by APS/HEW in a monitoring guide, and in oral instructions. 2/ Other estimates of added cost using different measurement methods are reported in Technical Note 2.

MEASUREMENT TOPICS

The following section contains an analysis of the major measurement topics. These topics have been categorized as measurement of child-staff ratio, determination of compliance and measurement of additional caregivers.

Measurement of Child-Staff Ratio

Children and staff can be measured at a single point in time or over a stated period of time. The former method requires that a number of measures be taken in order to get an estimate of the usual ratio. The latter automatically provides an estimate of the usual ratio but does not provide information on the variability of ratio throughout the day or week. All of the estimates of child-staff ratio reported in the Supply Study (77) and used to develop the cost estimates in the Appropriateness Report measured the child-staff ratio as the ratio of weekly child hours to weekly staff hours.

The definition of staff influences the computed numerical value of the child-staff ratio. For example, should the cook who eats with the children be included as staff? Should volunteers and student assistants who may be present only a few hours a week be included? In most

2/ Monitoring Out of Home Child Day Care Services, A Guide, and Guide for Monitoring Day Care Centers issued by Public Services Administration, Social and Rehabilitation Service, U.S. Dept. of H.E.W. The Public Services Administration is now known as the Administration for Public Services.

of the estimates presented below, and in the Appropriateness Report, all volunteer and paid staff time spent in a classroom was included in the computations of staff hours.

The Appropriateness Report concluded, however, that turnover and number of hours should be considered in determining whether volunteers should be counted. This conclusion was based on the finding that continuity of care has an important effect on children. Caregivers who are present for only a short period of time may be of less benefit to children than caregivers who are present most of the time.

In a few centers volunteers may contribute an important number of hours. For those centers exclusion of volunteers from the staff count would have a substantial impact on the numerical value of the child-staff ratio and on the cost of compliance. Nationally however, most volunteers work only a few hours a week. Consequently their exclusion from a count of staff hours has only a small effect on national level estimates of child-staff ratios and the cost of the FIDCR ratios.

The rules used to account for child and staff absences also affect the computed numerical value of child-staff ratio. The on-site survey indicated that child absences are an average of 12% of scheduled enrollment. The estimates of child-staff ratio reported in the Supply Study (77, 78) and the estimates of cost included in the Appropriateness Report were based on an assumed absence rate of 12%. The estimates of cost reported in this Technical Note are based on the same assumption. No allowance has been made in the estimates for teacher absence because information on teacher absence and the extent to which substitutes are provided is not available. If substitute teachers are not provided, the estimates reported in the Supply Study (77, 78) could significantly understate actual ratio of child hours to caregiving hours.

Determination of Compliance

Determination of compliance with the child-staff ratios of the FIDCR depends on the unit of observation (i.e. the center, the classroom or the system) and the

way in which the required ratio is determined, as well as the way in which the number of children and staff are counted. Determination of compliance at the center level, for example, permits the averaging of ratios for classrooms having fewer staff than required with ratios for classrooms having more staff than required. Determination of compliance at the classroom level, on the other hand, means that for a center to comply with FIDCR every classroom must comply.

The ratios required by the FIDCR vary with age. Therefore in units (classes or centers) with mixed ages compliance will depend on which of several plausible methods are used to determine the required ratio for the unit. In a unit with mixed ages, the required ratio for the entire unit might be the ratio for the youngest member of the unit. However, the required ratio might also plausibly be calculated as the average of the required ratios for each age in the classroom weighted by the number of children in each age cohort (this was the method used in the Supply Study (77, 78) calculations). Or the ratio for the modal age might be choosen as the required ratio. 3/

In the estimates of compliance reported in the Supply Study (77) compliance was determined by comparing the required number of caregiver hours with actual hours. Required caregiver hours at each center were computed for each age cohort by multiplying the estimated number of weekly child hours adjusted for absence by the inverse of the FIDCR child-staff ratio for that age and summing the products. 4/

Caregivers are not perfectly divisible and it seems reasonable to allow some tolerance in the number of caregiver hours required. This would avoid the necessity of hiring a full or part time caregiver when only a few

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3/ In any aggregation consisting of several subgroups, the sub-group with the largest membership is the modal group, e.g., in a class of 15 children consisting of 7 three year olds and 8 four year olds the modal age is 4.

4/ Further detail on the calculation of estimated child and caregiver hours and required caregiver hours is reported in the Supply Study (78).

additional hours a week are needed for compliance. The estimates of compliance reported in the Supply Study (77) assumed that a center would be allowed a tolerance of five hours per week below the required number of hours. 5/

Measurement of Additional Caregivers

The Supply Study (77) estimates of the number of additional FTE caregivers needed in order to bring a center into conformity with the FIDCR were based on the assumption that caregivers could be hired in units of 1/4 time (ten hours per week). The cost estimates included in the Appropriateness Report are based on the same assumption. However, the Supply Study (77) reports that only 5% of aides work 10 or fewer hours per week and that only 2% of teachers work 10 or fewer hours. Technical Note 2 reports estimates of added cost using the assumption that caregivers can be hired only in units of 1/2 or full time.

COMPUTATION OF ADDED COST

Summary

The added cost of the FIDCR ratios has previously been defined as the difference between estimated unit caregiver cost if the FIDCR are met and the estimated unit cost in non-FFP care.

The monthly added cost of the FIDCR ratios per enrolled child, $\Delta\phi$, was computed as follows:

(Eq. 1) $$\Delta\phi = \frac{\Delta S \bar{W}}{C} \cdot 4.33333$$

Where $\bar{W}$ = Mean average weekly wage in non-FFP centers plus estimated fringe benefit

5/ All of these methods assume that the normal ratio operating in the classroom is the ratio that determines compliance. This means that there may be periods of time in a classroom when fewer than the required number of caregivers are present balanced by periods when more than the required number are present.

C = Total number of FTE children in non-FFP centers (nationwide)

ΔS = Additional number of FTE staff needed in non-conforming non-FFP centers in order to conform to the FIDCR. 6/

The factor 4.33333 converts weekly wages to monthly wages.

State Ratios in the Absence of FIDCR

Average operating ratios in non-FFP care vary somewhat by State (although this variability is less than the variability in State licensing ratios). The average ratio of FTE enrollment to FTE staff in non-FFP centers ranged from 10.6 to 5.3 for the States reported in the Supply Study. 7/ It is not necessarily the case that States with high non-FFP ratios would adopt high ratios for FFP care were there no FIDCR. However, to the extent that this would occur, States with above average non-FFP ratios incur higher costs as a result of the FIDCR than the costs indicated below and States with low non-FFP ratios incur lower costs.

Equation 1 yielded an estimate of the added cost of the FIDCR ratios per child of $18.85 per month. This was rounded to the $19 per month figure reported in the Appropriateness Report. This estimate is based on wages reported during 1976-77. Inflation and the increase in the minimum wage and social security tax mean that an inflation adjusted estimate for 1979 would be roughly 20% greater than the figure reported above.

6/ Details of the computations and sources used to estimate $\bar{W}$, S, C, and ΔS are reported in the following section, Details of Computations.

7/ The Supply Study (78) reported the ratio of enrolled children to staff for 32 States. The Supply Study ratios were based on child attendance (assuming an average absence of 12%). The ratios reported in the text are ratios of enrolled children to staff.

The validity of the assumptions underlying the estimate just reported are considered in the next section. Details of the derivation of the factors $\bar{W}$, S, C and ΔS are reported in the last section of this note, Details of Computations.

Assumptions

The estimate of added cost just reported is based on the assumption that States could purchase care in facilities paying an average wage about equal to the average in non-FFP care. The estimate also assumes that the age distribution of children in FFP and non-FFP care is about the same (otherwise the average ratio observed in non-FFP care would not be a valid estimate of the average of ratios that States would adopt if there were no FIDCR ratios). The validity of each of these assumptions is considered in the following section.

Weekly Wage. The estimate of added cost of $18.85 per month per child is based on the mean average weekly wage of $109 in non-FFP care. This figure is a valid estimate of the added cost that States must incur in order to provide care meeting the FIDCR only if States can purchase FFP care in centers with a pay distribution similar to the existing distribution in non-FFP centers. If States are not able to obtain care in centers with pay comparable to that in non-FFP centers the estimate of $18.85 understates the added cost to States of meeting the FIDCR ratios.

Neither of several possible Federal constraints described below appear to be significant factors precluding States from obtaining FFP care at the prevailing non-FFP wage. Therefore, the non-FFP wage is a valid wage to use in computing the cost of the FIDCR ratios.

If the FIDCR required staff in FFP centers to be more experienced or better educated than caregivers in non-FFP centers, higher wages in FFP care would be a consequence. In such a case it would be inappropriate to use the non-FFP wage to compute the cost of the FIDCR ratios. However, the FIDCR do not make such a requirement. Thus the FIDCR do not impose a constraint that would mandate higher wages in FFP care.

The Federal Government, through the wages and hours act, does impose a minimum wage requirement on most day care providers whether or not they are FFP providers. State Title XX agencies would presumably wish to purchase care from providers who obey the minimum wage law. Although the minimum wage does not apply to employees of State Governments, in most States political pressure from community action and employee organizations could be expected to obtain wages at least equal to the Federal minimum wage. Therefore it is reasonable to conclude that general adherence to the minimum wage would exist in FFP centers. The Supply Study (78) reports that 12% of aides and 7% of teachers were paid less than the minimum wage at the time of the survey (1977). 8/ Information on adherence to the minimum wage is not available on centers by type (FFP, non-FFP, profit and non-profit). Since it is likely that most of the caregivers who are paid less than the minimum wage are employed in non-FFP centers, it seems reasonable to estimate that perhaps 15% of caregivers paid below minimum wage are in non-FFP care. Using this estimate, excluding these workers from the computation of the average wage in non-FFP care would increase the weekly wage used in the computation of added cost by $2.00 at most.

States can, of course, choose to go beyond the requirements of the FIDCR by requiring education and experience levels that necessitate payment of higher wages. States can also choose to purchase care from providers paying above average wages for caregivers with specific qualifications. Some school districts fall into this category. 9/

It will be shown in Technical Note 3 that average wages in FFP care are higher than in non-FFP care at the same level of experience and education. The cost to providers of utilizing caregivers paid at above average wages is not directly attributible to the FIDCR.

8/ In certain situations teachers are not covered by the minimum wage.

9/ For example, Pennsylvania contracts with the Philadelphia school board for Title XX care in that city at a minimum wage of $4.56 an hour.

There are no provisions in Title XX or in the FIDCR that require a State to purchase child care from types of providers that are more likely to pay above average wages. If it is assumed, however, that for institutional reasons States are not able to obtain care in centers that pay the average non-FFP wage, it is appropriate to use the average wage in FFP care to compute the added cost of a combination of institutional factors and the FIDCR ratios.

The mean average weekly wage in non-profit (non-waiverable) FFP centers is $134 per week. Using this figure plus an estimate of 15% of wages for fringe benefits in equation (1) yielded the wage adjusted estimate of $24 added monthly cost used in the Appropriateness Report.

Age Distribution. The estimate of added cost per child depends on the ratios of required and observed staff to children in non-FFP care. These ratios depend on the age distributions of the children in care. If the age distributions of children in FFP and non-FFP care were markedly different the average required ratios of staff to children would also be quite different. Moreover the average ratio in non-FFP care would not be a reasonable estimate of the average ratio that States would set for Title XX child care in the absence of the FIDCR. However, the age distribution of FFP and non-FFP children is relatively similar nationally. The average age weighted required FIDCR ratio is 6.3 in all centers and 6.4 in FFP centers (Supply Study 78).

Details of Computations

This section reports the precise sources and exact derivation of the factors $\overline{W}$, S, C, and ΔS. It is intended to allow the reader to replicate the calculations and to substitute alternative values for any of the factors. Page numbers refer to Supply Study (77).

Algebraic notation has been used for conciseness of description. The letter i denotes profit status:

i = 1 for profit
i = 2 for non-profit.

The letter j denotes FFP status:

j = 1 for non-FFP centers
j = 2 for FFP non-waiverable centers
j = 3 for FFP waiverable centers.

Mean Wage and Fringe Benefit.

$$W = 1.10 \frac{\Sigma_i \bar{w}_i N_i}{\Sigma_i N_i}, \quad j = 1 \qquad i = 1, 2$$

$\bar{w}_{ij}$ = mean of the average weekly wage for full time caregivers in centers of the ijth type

N_{ij} = estimated number of centers in the United States of the ijth type

w_{11} = \$103.16 (p. 120) w_{21} = \$115.78 (p. 120)

N_{11} = 5533 (p. 16) N_{21} = 4786 (p. 16)

The factor 1.10 was applied in order to adjust wages to wages plus fringe benefits. 10/

Total Staff. $S_{j=1}$ = 50,813 FTE Supply Study (unpub),

Total Children. $C_{j=1}$ = 427,375 FTE Supply Study (unpub),

Additional Staff Needed.

ΔS_k = 15,507 FTE Computed from Supply Study (unpub)
k = 1 for centers in conformity with the FIDCR ratios

10/ The employers' share of Social Security was 5.85% in 1976. An allowance of 5 paid holidays per year amounts to 2% of wages. Adding an allowance for unemployment insurance to the two other fringe benefits yields an estimate of fringe benefits as being equal to approximately 10% of wages. Abt Associates also used a figure of 10% in an earlier report, Abt (83).

k = 2 for centers not in conformity with the FIDCR ratios

S'_{ijk} = required staff in center of the ijk type

S_{ijk} = actual staff in center of the ijk type.

$\Delta S_i = S'_i - S_i$, $j = 1$, $k = 2$, $i = 1, 2$

TECHNICAL NOTE 2
ALTERNATIVE ESTIMATES OF COST OF FIDCR RATIOS

INTRODUCTION

The estimates of added cost reported in Technical Note 1 were based on relatively lenient methods of measuring required and actual ratios. These methods are consistent with suggestions set forth by APS in several monitoring documents, and orally at a monitoring conference held in Philadelphia in 1977. 1/

Other methods of measuring actual and required ratios are also possible, however, and--as shown in Table 1--variations in these methods will produce significant variations in the estimated number of FTE children permitted per FTE caregiver. This in turn will produce considerable variation in the estimated number of additional caregivers required to meet the FIDCR and in the resulting estimate of additional cost.

Estimates of the added cost of the FIDCR ratios computed under two alternative methods of measuring required ratio and determining compliance are reported in this Technical Note.

Center expenditures are heavily influenced by the number of staff required. Total center revenue depends

1/ APS, Administration for Public Services, was known at the time the documents were issued as Public Services Administration. The documents are "Monitoring Out of Home Child Care Services: A Guide" (1976) and "Guide for Monitoring Day Care Centers" (1976).

closely on the number of children enrolled. Thus the number of enrolled children permitted per number of staff is a major factor in the solvency of a center.

Since a fraction of the children enrolled in a center will normally be absent a requirement that permits an adjustment for absence in computing compliance will allow more children to be enrolled per staff member than will actually be present under normal circumstances. Thus the numerical ratio of enrolled children to staff will be greater than the actual operating ratio.

Sensitivity of Permitted Ratio to Alternative Methods of Determining Compliance

Three major measurement characteristics affect both the total number of enrolled FTE children permitted in a center for a given number of FTE staff, and the given numerical values of child-staff ratio for a set of ages. One is the organizational unit used to determine compliance (e.g. classroom or center). The second is the adjustment for absence, and the third is the required ratio in a group with mixed ages.

Determination of compliance with a given required ratio at the center level permits, in general, a larger number of FTE children for a given number of FTE staff than does determination at the classroom level. This phenomenon occurs because measurement of average ratio at the center level permits the balancing of classrooms with insufficient staff by classrooms with more than the required staff.

The Supply Study (78) reported estimates of the average ratio of FTE children permitted by the FIDCR to be present per FTE staff member using various methods to determine compliance. Since the number of children permitted to be present per staff member is not as important to solvency as the number of children permitted to be enrolled ratios shown in the Supply Study were converted to the enrollment basis shown in Table 1.

Table 1 shows the average number of FTE children permitted to be enrolled per FTE classroom staff member using several methods of measuring compliance with the FIDCR child-staff ratios. Among the methods shown, the greatest

number of children permitted per FTE staff member occurs when compliance is determined at the center level with an adjustment for absence. This is the principle method used in the Supply Study to determine compliance and is the method used to compute the cost estimates reported in Technical Note 1. The most stringent method shown in Table 1 gives determination of compliance at the classroom level using the ratio for the youngest child in the class to determine required ratio for the entire class and no adjustment for absence. A difference of 32% exists between the smallest and largest number of children permitted per FTE staff by FIDCR.

TABLE 1 Comparison of Average Number of FTE Children Permitted To Be Enrolled per FTE Caregiver Under Alternative Methods of Determining Compliance

Rule Used to Determine Compliance 1/	Organizational Unit Used to Determine Compliance			
	Center	Classroom		
	Rule 1	Rule 1	Rule 2	Rule 3
Adjustment for Absence:				
Absence Rate of 12% assumed in determining compliance 2/	7.28	6.61	6.70	6.28
No adjustment for absence	6.41			5.53

1/ Under Rule 1 the specific required ratio for each age cohort in a group is used to compute a weighted average ratio for the group. Under Rule 2 the required ratio for the modal age cohort is used to determine required staff for the entire group. Under Rule 3 the ratio for the youngest child in the group becomes the required ratio for the group. Ratios are computed for FFP center age composition. Since there is a relatively small difference in the age composition of children in FFP and non-FFP care, the ratios for non-FFP care would be only slightly different.

2/ The average absence rate found in the 70 center on-site survey.

SOURCE: Ratios are computed from Supply Study (78).

Alternative Estimates of Cost

The estimates of cost included in the Appropriateness Report, and described more fully in Technical Note 1, are based on estimates of required staff using Rule 1, measuring compliance at the center level, including volunteers in the count of staff, making a 12% allowance for absence and allowing a tolerance of up to five hours per week below the computed number of caregiver hours required without penalty.

Assumptions concerning the extent to which caregivers can be hired on a less-than-full-time basis also affect cost estimates. The estimates of cost reported in Technical Note 1 were based on the assumption that caregivers could be added in 1/4 time units. However, less than 15% of caregivers in this country actually work 10 or fewer hours per week; thus the assumption that additional caregivers could always be hired in 1/4 time units is questionable.

Computing compliance using the same rules as in Technical Note 1 but assuming that centers may hire caregivers only in 1/2 time units results in an increase of 30% in the estimate of additional caregivers required by the FIDCR (computed from unpublished Supply Study data) and raises the estimate of added cost of the FIDCR ratio from $18.85 per FTE child per month to $24.47 per month. 2/

Using a more stringent, yet plausible, set of rules to determine conformity results in considerably lower estimates of permitted child-staff ratio and greater estimates of added cost. Assuming that conformity is determined at the classroom level, that no adjustment is made for child absance, that no tolerance is allowed for small deviations from required hours and that caregivers may be hired only in 1/2 time units results in a 120% increase in the estimated number of additional caregiver hours required per child (computed from unpublished Supply Study data). Using this latter measure of required hours yields an estimate of the added cost of the FIDCR ratios of $42.13 per child per month (using

2/ Both cost estimates use the mean average wage of non-FFP care plus 10% estimated fringe benefits.

the mean wage plus fringe benefits in non-FFP care). Using the mean average wage plus estimated fringe benefits in non-profit (non-waiverable) FFP care yields an estimated added cost of $54.13 per month per child. 3/

3/ The mean average wage rate in non-FFP care is $109 per week. The mean average wage rate in non-profit (non-waiverable) FFP care is $134 per week (computed from Supply Study (77)).

TECHNICAL NOTE 3
COST OF COMPLIANCE IN FFP CENTERS

The analysis in Technical Notes 1 and 2 concerned the additional cost per child imposed on States by the FIDCR ratios. In that analysis the cost of caregiver services meeting the FIDCR ratios was compared with the cost of caregiver services at the average child-staff ratio operating in non-FFP care. The majority of FFP facilities meet the FIDCR ratios (using a relatively lenient method of determining compliance as described in Technical Note 1, page 10). No new cost would be incurred for these facilities by enforcement of the FIDCR ratios. This note considers the additional cost of bringing non-complying FFP facilities into compliance with the FIDCR ratios.

CURRENT LEVEL OF COMPLIANCE

FFP centers on the whole have lower child-staff ratios than non-FFP centers, and in fact are much more likely to meet or surpass the numbers of staff required by FIDCR. As a result, the additional cost of bringing non-complying FFP centers into compliance with the FIDCR is relatively moderate, and considerably less than the additional cost of bringing the average non-FFP center into compliance.

The cost per enrolled child of bringing FFP centers into compliance with the FIDCR ratios was calculated using equation (1) from Technical Note 1. Designating the cost of compliance per month per FFP child as $\Delta Q'$, equation (1) becomes

$$\text{(Eq. 2)} \qquad \Delta Q' = \overline{W} \frac{\Delta S}{C} \cdot 4.3333 = \$7.69.$$

Where $\bar{W}$ = Minimum wage plus 10% allowance for fringe benefit costs = $116.60 per week.

C = Total number of FTE children in FFP centers = 364,087 Supply Study (unpub).

ΔS = Additional number of FTE staff needed in non-complying FFP centers in order to comply with the FIDCR = 5,542 Supply Study (unpub).

The factor 4.3333 equals the number of weeks in a month. Multiplying $\Delta Q'$ by the total number of FTE children in FFP centers yields an estimate of the total cost of compliance of $2.8 million per month or $33.6 million per year. 1/

Mean expenditures per month per child in FFP centers (excluding waiverable) are $176 per month per child (computed from Supply Study (78) data). Thus the estimated cost of compliance represents an increase in expenditures in FFP centers of only about 4%.

The minimum wage (1978 = $2.65 per hour, $106 per 40 hour week) was used to compute the cost of compliance on the assumption that most FFP centers would hire additional employees at this wage. An alternative calculation used the mean average salary in non-profit non-waiverable FFP centers of $134.39 per week (Supply Study, 77) plus an estimate of fringe benefit costs of 15% of wages. Substituting this estimate of weekly cost in equation (2) yields a compliance cost estimate of $10.19 per month per child in FFP centers and a total cost per year of $44,500,000.

The Supply Study measure of compliance is a relatively lenient one. Using a more stringent set of rules

1/ The estimate of $33 million shown in the Appropriateness Report was computed from an estimate of additional required FTE staff of 5,500.

for determining compliance 2/ the additional staff required in FFP centers is 15,853 (Supply Study, unpub). Using the latter estimate of additional staff required and an estimate of weekly employee cost of $116.60 (minimum wage plus 10% fringe benefit costs) in equation (2) yields an estimated compliance cost of $22.00 per FTE child per month (12% of current expenditures per FTE child) and an estimated annual compliance cost for all children in FFP centers of $96 million.

The estimates of cost just given are relevant for assessing the adequacy of the additional $200 million provided by Congress for FY 77 and later years to enable States to bring care up to the FIDCR ratios, since even under the most stringent method of measuring compliance the cost of bringing non-complying FFP centers into compliance with the FIDCR child-staff ratios is less than $100 million.

Unpublished Supply Study figures reported the additional caregivers required in each of the FFP center types. Figures were reported using several sets of rules for determining compliance and measuring the additional caregivers required. Using the figures reported

TABLE 1 Estimated Additional Cost to Comply with FIDCR in Non-Complying FFP Centers

Center Type	Added Cost per Month per Child
PROFIT	
Non-waiverable	$25.24
Waiverable	$20.12
NON-PROFIT	
Non-waiverable	$15.39
Waiverable	$22.43

2/ The rules are: No adjustment for absence, volunteers included, compliance determined at the class level using the required ratio for the youngest child in the class as the required ratio for the entire class. The computations of additional caregivers assumed that additional caregivers can be obtained only in 1/2 or full time units.

for the relatively lenient method of determining compliance 3/ and dividing by the number of FTE children in non-complying centers of each type yields estimates of ΔS/C for each type of FFP center. Multiplying these estimates by $116.60, the average weekly wage plus fringe benefits, yields the following estimates of additional cost per child in non-complying FFP centers.

With the exception of the added cost for non-profit non-waiverable centers, each of the figures above is at least an additional 17% of mean maximum monthly parent fees for the center type. For many FFP centers non complying with the FIDCR the additional cost required to comply with the FIDCR is 20% or more of mean maximum parent fees in the industry. This has several possible consequences.

If non-complying centers serving both FFP and non-FFP children are forced to raise parent fees in order to cover the cost of additional staff they risk losing all or most of their non-FFP children. Some form of subsidies for non-FFP children might make it possible to keep parent fees down and retain non-FFP children. A small food subsidy is available for non-poor children in non-profit centers. CETA employees may also be used to subsidize care for non-poor children in non-profit centers. Donated space is another subsidy which is sometimes available for all children in a non-profit center. Subsidies are not generally available for non-FFP children in profit-making centers (except the income tax credit for parents). If parents are unwilling to pay the additional cost resulting from lower child-staff ratios, and if reimbursement rates are sufficient to cover the cost of care meeting the FIDCR ratios, a center might choose to increase its staff to meet the ratio and serve only FFP children. However, if FFP reimbursements plus other subsidies are insufficient to cover the cost of meeting the ratios, providers will probably withdraw from the FFP market.

3/ Determination of compliance at the center level, inclusion of volunteers and 12% allowance for absence. Additional caregivers assumed to be available in 1/4 time units.

TECHNICAL NOTE 4
ESTIMATED MEAN COST PER CHILD BY PROVIDER TYPE

OVERVIEW

The operating characteristics of day care centers differ markedly by profit and FFP status. These differences result in significant differences in mean cost per child by type of center. This Technical Note reports estimates of mean cost per child by type of center.

As shown below, mean cost per child is substantially higher in non-profit FFP centers than in any other center type. These higher costs are the result of lower child-staff ratios, more supplementary personnel, higher wages and higher non-personnel costs. There is, however, substantial variation in cost by center type. Not every non-profit FFP center, for example, has higher costs per child than every non-FFP center, although most non-profit FFP centers have lower child-staff ratios, provide more non-core services and pay higher wages than do the bulk of profit non-FFP centers. 1/ Decision makers and the public will need to be aware that policies which promote non-profit FFP care will tend to result in higher cost per child. Whether and under what circumstances the higher cost is justified by the benefits are important questions.

Estimates of mean cost per child are reported here in order to assist the reader in making this judgement and to make it clear that if the public wants to provide center care with relatively low child-staff ratios,

1/ The characteristics and costs of non-profit non-FFP centers and profit FFP centers fall between non-profit FFP and profit non-FFP centers.

non-core services and "reasonably" good wages, the cost per child will be considerably greater than the cost of the care that most middle class Americans buy for their children.

The costs reported here are based on 1976-77 prices and the then minimum wage of $2.30 per hour. General inflation since then, the increase in the minimum wage to $2.90 per hour in 1979 and the increase in social security tax mean that costs are probably at least 20% higher now.

The Supply Study reported estimates of mean expenditures per child by center type. However, some important items of cost are omitted from these expenditures. These items are the proprietors' time and management skills for some profit centers, donated labor, labor paid by outside agencies and donated space and equipment. In order to arrive at an estimate of mean cost per child for each of the center types estimates of the mean value per child of each of the omitted items have been added to the mean cost per child as reported in the Supply Study.

The Appropriateness Report included estimates of the mean cost per child in FFP and non-FFP care by profit status. These estimates were based on estimates of mean expenditures by center type reported in the Supply Study (77). Rather substantial revisions have been made in the mean expenditure estimates reported in the Final Report of the Supply Study (78). Because the revision of expenditure estimates was relatively substantial revised estimates of cost were derived. Only the revised estimates are reported here.

In the following section the estimates of the value of the proprietors' time and management skills, the value of donated labor and unpaid staff, and the value of donated equipment and space are reported. These imputed values were added to the estimates of mean expenditures reported in the Supply Study to yield the estimates of mean cost per child by center type reported here in Table 1.

The product of mean cost per child for each center type and the number of FTE children in that center type is an estimate of total cost for that center type. The Supply Study (78) also reported an estimate of total cost including estimated imputed costs. Analyses of the difference between the Supply Study estimate of total cost

TABLE 1

Estimates of Total Cost per FTE Child by Center Type Per Month

Center Type	Expenditures* Per FTE Child	Proprietors Return**	Non-Paid Staff**	Donated Space**	Total ***
Profit non-FFP	$102.25	$12.85	$ 1.66		$117
Non-profit non-FFP	119.25		6.76	$3.73	130
Profit FFP	120.58	9.18	3.15		133
Non-profit FFP	189.00		14.53	4.52	208

*Computed from Supply Study (78).
**See text for explanation of derivation.
***Total estimated cost per child is the sum of expenditures per FTE child plus estimates of the value per FTE child of omitted proprietors return, the value of non-paid staff per FTE child and the value of donated space per FTE child.

and the estimate of total cost derived here are also reported in this Technical Note.

Table 1 shows the estimates of average monthly expenditures per FTE child, the estimates of average monthly cost per FTE child for items of cost omitted from expenditures and estimated total cost per FTE child per month (the sum of expenditures plus omitted cost items). Some services provided to FFP children in centers are funded directly by the Title XX agency. Since the estimates of omitted cost do not, in general, include such services the figures reported below underestimate to an unknown extent the cost of service to FFP children in centers.

ESTIMATES OF OMITTED COST ITEMS

Proprietors' Return

The owners of proprietary centers expect to receive compensation for their time and management skills and invested capital. However no provision was made in the Supply Study survey instrument to ascertain the amount of this return. It is likely that a partial return to the proprietor has been included in reported items of cost. For chain centers it is possible that revenues paid to the owners are included in "other items" of expenditures. It is also possible that some proprietors pay themselves a salary which is included in reported salary expenses.

The return to the proprietor has been estimated in two ways. The first method assumed that for the 86% of proprietary centers not belonging to a chain no return to the proprietor had been included in expenses. It was further assumed that proprietors in non-FFP centers received a return of $10,000 and that proprietors in profit FFP centers received a return of $12,000. 2/

2/ The average net profit for all proprietors was $10,308 in 1976 (IRS, 76). It was assumed that non-FFP proprietors would have net earnings of about this amount. It was assumed that proprietors in FFP centers would earn somewhat more than average because these centers are slightly larger and because FFP centers might find it easier to pass along increased costs.

Dividing these estimates of proprietors' return by mean FTE child for each of the profit center types yielded estimates of the mean imputed return to proprietors. These estimates are $18.70 per month per FTE child (non-FFP) and $18.90 per month per FTE child (FFP).

The second method of estimating proprietors' return assumed that mean cost per FTE child is equal to mean revenue per FTE child. In the case of profit centers, the only important item of cost omitted from reported expenditures is the proprietors' return. Donated space and labor are not important for this center type. Therefore the difference between reported revenue and expenditures is approximately equal to the unreported proprietors' return.

Mean revenue per FTE child per week in profit centers was estimated to be equal to mean maximum weekly fee paid by parents for each FFP status type. 3/ These estimates of mean weekly revenue were multiplied by the factor 4.333 to convert to monthly revenues. The difference between the estimate of mean revenue for each FFP type and the estimate of mean expenditure reported in the Supply Study for that FFP type was taken as the estimate of the unreported value of the return to the proprietor. This method yielded estimates of unreported cost (return to the proprietor) of $6.95 per month per FTE child for non-FFP centers and a minus $.55 per FTE child for profit FFP centers. 4/

The estimates reported in Table 1 are the average of the estimates yielded by methods 1 and 2.

3/ Since slightly more than 40% of profit centers offer reduced fees under certain circumstances, the maximum weekly fee somewhat overstates weekly revenue per child. The amount of overstatement is believed to be small since it appears the maximum fee is the usual fee and the mean minimum fee is only about $4.00 less the maximum fee.

4/ The negative estimate for profit FFP centers implies that for this center type the proprietors return was generally included in expenditures. However, it is not impossible that revenues might be less than expenditures. Many businesses operate at a loss.

Value of Non-Paid Staff

Staff not paid by the center are termed non-paid staff. These are volunteers in some instances. In other cases they are staff paid by other agencies such as CETA. The average per child value of volunteer staff and staff paid by other agencies was estimated in a three step process for each center type using Supply Study data. First, estimates of the average monthly value per volunteer and per staff paid by outside agencies was obtained as follows: The Supply Study reports the mean number of weekly hours worked by volunteers as 13.9. Valuing volunteer hours at the 1976-77 minimum wage of $2.30 per hour and multipling by 4.333 weeks per month yields an estimate of the monthly value per volunteer of $138.43. No data on the number of hours worked by staff paid by outside agencies was collected in the Supply Study survey. Abt used an estimate of 25 hours per week in computing their estimate of the value of staff paid by outside agencies. This estimate of 25 hours per week was multiplied by the minimum wage and the factor 4.333 to compute an estimate of the monthly value per outside paid staff member of $248.98.

The estimates of the monthly values per staff of volunteer staff and staff paid by outside agencies were multiplied by the total number of such staff for each center type. The sum of the value of volunteers and staff paid by outside agencies for each center type was divided by the number of FTE children in each center type to obtain an estimate of the value per month per FTE child of non-paid staff. These values are $1.66 for profit non-FFP, $6.76 for non-profit non-FFP, $3.15 for profit FFP (non-waiverable) and $14.53 for non-profit FFP (non-waiverable).

Value of Donated Space and Equipment

The value of donated space and equipment in profit centers is minor. Estimates for non-profit FFP centers were derived as follows: The average value per child of donated space was estimated by multiplying the percentage of each center type receiving donated space by the difference in occupancy cost per child between centers receiving donated space and centers not receiving donated space. The average value per child of donated equipment was obtained by dividing the mean value of donated equipment

per center by the mean number of FTE children per center for each center type. The estimates per month per FTE child of the value of donated space and equipment are $3.73 for non-profit non-FFP centers and $4.52 per month for non-profit FFP centers.

Comparison of Estimates of the Value of Omitted Cost Items

Multiplication of the estimated cost per child per month by 12 and by the number of FTE children in each center type yields estimates of the total omitted cost for each center type. Summing these cost items yields an estimate of total omitted cost of $151 million. Since services provided in kind by Title XX agencies to FFP centers are not included in this estimate the estimate of omitted cost of $151 million is an understatement.

The annual estimates of omitted cost developed in this Technial Note for all centers are proprietors' return - $43 million, non-paid staff - $73 million, donated space and equipment - $25 million. 5/

5/ The Abt estimate reported in the prepublication edition of the Supply Study, 78 contained a computational error. This error is believed to have been corrected in a later edition unavailable at the time this paper was prepared. Correcting the error results in an estimate of donated space and equipment of approximately $25 million. The Abt estimate of the value of non-paid staff is $55 million. The reasons for the difference in the Abt estimate of this quantity and the estimate derived here is not known. Abt did not make an estimate of proprietors' return.

TECHNICAL NOTE 5
SEPARATION AND INTEGRATION IN CHILD CARE CENTERS

As described in Technical Note 4, the mean cost per child of care in FFP facilities, particularly the non-profit type, is substantially higher than the cost of care in other types of facilities. This fact leads to the conjecture that two child care markets may exist, one serving FFP (or subsidized) children at a relatively high cost, and a second lower cost market serving non-subsidized children.

In most cases FFP eligibility is conditioned on income. Since income and race are somewhat correlated it might be expected that if separation of children by FFP status exists separation by income and race will also occur. As reported below, considerable separation of children by FFP status currently exists. Separation by income and race also exists but is less pronounced than separation by FFP status, and in some respects separation by race and income is less pronounced in FFP care than in non-FFP care.

Technical Note 4 reported estimates of the average cost per child by center type. These estimates are $117 per child per month in profit non-FFP centers, $130 per child per month in non-profit non-FFP centers, $133 per child per month in profit FFP centers and $208 per child per month in non-profit FFP centers. Non-waiverable centers are excluded from these computations.

Other things being equal, a dual child care system in which subsidized and non-subsidized children are served in separate facilities seems undesirable. Therefore FIDCR or other Title XX policies that unnecessarily foster a separation of these children, or that fail to promote their integration, are undesirable.

Separation of FFP and non-FFP children has several potentially negative consequences. Separation by FFP status implies separation by economic, and, to some extent, racial and family (i.e., single parent) status. Thus separation by FFP status means that the opportunity for children to mingle with children of another race, economic status or family type is limited. Separation by FFP status can also mean that neighbors of only slightly different economic status are not able to attend the same facility.

Separation by FFP status might also result in inferior care for FFP children, since parents whose choice of child care is severely limited for economic reasons may have to accept whatever care is offered. On the other hand, if the care provided for FFP children is more costly than privately paid care, inhibiting the use of FFP facilities by parents who pay for their children's care, resentment on the part of paying parents may undercut support for subsidized care.

This Technical Note describes the extent to which separation of FFP and non-FFP children and concomitant separation by income status and race exist. Analysis of the relative contribution to this situation by the FIDCR and other Title XX policies, and residential segregation and consumer choice has not been done.

Separation of FFP and Non-FFP Children

Considerable separation of FFP and non-FFP children does exist. An estimated 52% of all FFP children are cared for in facilities that serve only FFP children. 1/

1/ Total FFP enrollment was reported as 224,800 (Supply Study, 78). FFP enrollment in centers serving FFP children exclusively was estimated as $\sum_i e_i n_i$

i=1 designates profit non-waiverable centers
i=2 designates non-profit non-waiverable centers
e_i = mean enrollment for the ith center type
n_i = number of i type centers with 100% FFP enrollment

Moreover 35% of non-waiverable FFP centers serve only FFP children. 2/

There are, of course, many criteria which might be used to judge integration. One criterion for judging integration of a facility is to compare the ratio of FFP to non-FFP children in the facility with the same ratio in the general center population. Twenty-five percent of children enrolled in centers are reported by the Supply Study (78) to be FFP children. Therefore an enrollment of 25% FFP children in every center would, by this measure, constitute perfect integration. However, residential segregation by income class means that some communities will have few, if any, FFP children. These communities cannot be expected to have centers that are 25% FFP. On the other hand, communities with many poor and moderate income families might have centers that are entirely FFP simply by virtue of the community they serve.

A criterion which took into account the economic status of a community would be more reasonable. For example, separation might be considered to exist when the ratio of FFP to non-FFP children in a facility was markedly less or greater than the ratio for the entire service area of the facility.

Several guides for judging racial separation have been used by the Office of Civil Rights H.E.W. 3/ One is the presence of a school enrollment that is more than 50% minority. In day care service areas that have an economically mixed population the 50% criterion may have some value. Another criterion, which has been used by the courts, is that no school should have a minority enrollment that is more than 20% above or below the proportion of minority in the district. A criterion that has been used by the Office of Civil Rights in analyzing nursing home enrollment is that the ratio of minority enrollment should not be less than 1/2 the ratio of minority population in the service area.

2/ Many of the statistics reported in this note are limited to non-waiverable centers since only 2% of FFP children are served in waiverable centers.

3/ Conversation, Office of Civil Rights, January 9, 1979.

No analyses of enrollment by service area have been done so that it is not possible to compare enrollment in FFP facilities with enrollment for the service area at this time. However, the national distribution of facilities by percent of FFP enrollment is available from the Supply Study. The distribution of centers by FFP enrd lment is shown in Table I. Waiverable centers are excluded since these centers serve only about 2% of FFP children.

TABLE I

Composition of FFP Enrollment by Center Type

Percent of Enrollment FFP	Number of Centers Percent Shown in () Center Type* Profit	Non-Profit
100%	113 (10)	2185 (40)
80-99%	73 (06)	963 (18)
50-79%	211 (18)	712 (13)
20-49%	467 (40)	1199 (22)
1-19%	305 (26)	357 (18)
Total Centers	1168 (100)	5416 (100)

*Waiverable centers are excluded.

SOURCE: Supply Study (unpubl.). Totals differ slightly from total reported in Supply Study (78).

Of the 6,600 FFP centers (non-waiverable) 65% have enrollments that are 50% or more FFP. Thus, using as a criterion of separation the existence of enrollment that is 50% or more FFP, one would conclude that nearly 2/3rds of the FFP centers have enrollments separated by FFP status.

Perhaps more important than the extent to which FFP centers serve majority FFP enrollment is the extent to which FFP centers are wholly FFP. Forty percent of non-profit FFP centers serve exclusively FFP children; on the other hand slightly over 1/3 of all FFP (non-waiverable) facilities serve at least 50% non-FFP children.

If serving FFP and non-FFP children in the same facility is regarded as a desirable goal than analyses should be done of the factors that distinguish exclusively FFP facilities from those that also serve non-FFP children.

Non-profit FFP centers are less likely than profit centers to have a majority of non-FFP children and much more likely to be exclusively FFP. Expenditures per child in non-profit FFP centers are typically higher than in profit FFP centers. 4/ This fact may explain the greater degree of integration of FFP and non-FFP children in the profit center type despite the absence of subsidies available to non-profit centers.

Table I uses the center as the unit of analysis. Using the child as the unit of analysis provides another picture of the extent to which FFP children are integrated with non-FFP children. As previously reported, 52% of FFP children are in facilities that serve only FFP children. Another 11% of FFP children are in facilities that serve 90% to 99% FFP children and 33% are in facilities that serve 50% to 89% FFP children. 5/ Using as a criterion the percentage of minority children in schools that have enrollments that are 99% to 100% minority (17%), 90% to 98% minority (14%), and 50% to 89% minority (28%) 6/ results in the conclusion that

4/ Sixty-eight percent of profit FFP centers report expenditures below $1,500 per FTE child. Only 22% of non-profit FFP centers report expenditures below $1,500 per FTE child. (Both figures exclude waiverable centers.) (Supply Study, 78).

5/ See footnote 1 page 35 for explanation of derivation of estimates of the number of children by percent FFP enrollment.

6/ Telephone conversation, Office of Civil Rights, January 9, 1979.

FFP children are somewhat more separated by FFP status in day care centers than minority children are separated by minority status in public schools.

Separation by Income Class

With one minor exception FFP children must be from families whose income falls below a given level for family size. 7/ The specific income maximum is set by the State but can be no more than 115% of the State median income for a family of four (adjusted for the number of family members). Fees are to be charged for services provided to families with incomes above 80% of the State median family income (adjusted for family size). Thus, separation of FFP and non-FFP children implies some separation by income class. However, in States that allow eligibility up to 100% or 115% of the State median income, it is obvious that there could be a considerable range of income even in a center serving exclusively FFP children.

In fiscal year 1976-77 the State median income for a family of four in the Continental United States ranged from $11,562 in Mississippi to $16,650 in Maryland. Maryland set the maximum eligibility at 105% of median income and Mississippi at 115% of median income (Wolff, 1977). Thus, in Maryland a family of four was eligible for FFP child care if its income did not exceed $17,482 while in Mississippi income eligibility was $13,296 or below.

Income eligibility is not the only factor determining whether moderate income families will be using FFP care, however. Insufficient funds may make it impossible to serve all families who want service. Since, by law, fees are to be charged to families whose income exceeds 80% of the State median income (adjusted for family size), it is possible that when fees are paid FFP care may become more expensive than private market care, even though part of the FFP care is paid by Title XX. It is also possible

7/ Title XX child care may be provided without regard to income in cases of parental abuse or neglect.

that FFP care may be viewed as "poor peoples" care and be unattractive to moderate income persons for that reason.

Although exact figures are not available, some FFP families have incomes in the moderate range ($6,000 to $15,000). 8/ The Supply Study (78) reports a total of 225,700 FFP children. There are about 205,000 poor children in FFP centers. 9/ It is apparent then that at least 21,000 (226,000-205,000) FFP children are from non-poor families. Moreover, it is almost certain that some poor children in FFP centers are non-FFP. Twenty-one percent of the enrollment in waiverable FFP centers are poor children; yet only 6% of the enrollment in these centers is FFP. Thus at least 15% of enrollment in FFP waiverable centers is non-FFP poor. The percentage of non-FFP poor may be equally high in FFP non-waiverable centers.

The fact that not all FFP families are poor means that separation of poor and non-poor children in FFP facilities might be less pronounced than separation of FFP and non-FFP children. In fact, this is so. Only 12% of FFP non-profit and 8% of FFP profit centers serve exclusively poor children.

8/ Centers surveyed for the Supply Study reported the percentages of families in each of three income groups: less than $6,000, $6,000 to $15,000 and more than $15,000. In many cases these reports were based only on the center director's impression. As a consequence the income distributions reported should be viewed only as approximations of the distributions. Children from families in the three income brackets will be referred to in this report as poor, moderate and higher income children respectively. The poverty line in 1977 for a family of three was $4,833, $6,191 for a family of four. Thus, nearly all families described here as poor meet the official definition of poor or near poor (near poor = 100-125% of poverty).

9/ The number of poor children in FFP centers was estimated as follows: number of poor children = $\Sigma n_i fp_i / f_i$ where n_i = the number of children in the ith center type, f_i is the number of families in the ith center type and fp_i is the number of poor families in the ith center type.

Fifty percent of the enrollment in FFP centers consists of poor children. While relatively few FFP centers serve poor children exclusively, many FFP centers serve a majority of poor children, as shown in Table II. In contrast non-FFP profit centers are very unlikely to have an enrollment in which the majority of the children are poor. Non-profit non-FFP centers, however, are much more likely then their profit counterparts to have a majority of poor enrollment. It is probable that United Way, church donations and other charitable contributions are a substantial factor in non-profit non-FFP centers serving large numbers of poor children.

As shown in Table II about 60% of non-profit FFP centers have enrollments that are more than 50% poor. While this represents some separation of poor from non-poor children, the separation is less pronounced than is the case of non-FFP centers. Among non-FFP centers more than 60% of profit and 33% of non-profit centers serve no poor children. In conclusion, although FFP centers often have enrollments that are more than 50% poor, FFP centers in general are less stratified by economic class than non-FFP centers which frequently have few or no poor children. A moderate income child in an FFP center

TABLE II

Family Income Distribution by Center Type

Percent of Poor Enrollment	Percent of Centers by Type			
	Non-FFP		FFP (non-waiverable)	
	Profit	Non-profit	Profit	Non-profit
100%	2%	6%	8%	12%
51 to 99%	3	19	25	49
1 to 50%	31	42	61	37
none	64	33	5	2

SOURCE: Computed from Supply Study (78).

is much more likely to have a poor child as a center mate than a moderate income child in a non-FFP center.

FFP centers serve relatively few higher income children. Eighty-six percent of the dominant FFP center type (FFP non-profit, non-waiverable) serve no higher income children. Thus few FFP children will have contact with higher income children and few higher income children will have contact with FFP children. 10/

Racial Separation

Forty-six percent of the enrollment in non-profit FFP centers is Black (12% is other races and Hispanic white). As might be expected, a substantial fraction of FFP centers have a majority non-Anglo 11/ enrollment (see Table III). The percent of Black enrollment is considerably lower in non-FFP centers (20% of enrollment), and predominantly Black centers are much less common in non-FFP care.

Distribution of the racial composition of enrollment for centers by center type is shown in Table III. Although predominantly Black FFP centers are common, exclusively Black centers are not. While all Black or all Anglo FFP centers are unusual, all Anglo non-FFP centers are common. The relatively high frequency of all Anglo non-FFP centers means that a child in a non-FFP

10/ Sixty-three percent of higher income children are in profit centers. Some subsidies such as CETA and Department of Agriculture Child Care Food Service program are by law not available to profit centers; these centers will therefore find it more costly to serve poor children than will non-profit centers, other things being equal. Thus, access to the centers that are most likely to serve substantial numbers of higher income children is indirectly inhibited by law.

11/ The term Anglo is used in this section to denote all non-Hispanic whites. The Supply Study (78) uses the term "other" to denote Hispanic whites as well as persons who are neither white nor black, and the term white to denote non-Hispanic whites.

TABLE III

Racial Composition by Center Type

Percent of Enrollment	Percent of Centers by Type: Non-FFP Profit	Non-FFP Non-profit	FFP (non-waiverable) Profit	FFP (non-waiverable) Non-profit
ANGLO				
100%	40%	25%	21%	9%
51 to 99%	47	36	51	31
1 to 50%	7	22	14	42
none	5	17	13	18
BLACK				
100%	4	15	11	14
51 to 99%	4	15	10	30
1 to 50%	42	35	51	40
none	49	34	28	17

SOURCE: Computed from Supply Study (78).

facility is much less likely to have a center mate of another race than a child in an FFP facility.

The distribution of children by percentage of Black enrollment was computed from the Supply Study (78) estimates of the distribution of centers by percentage of Black enrollment. These results indicate that children are somewhat more separated by race in day care centers than they are in public schools. Thirty-nine percent of Black children are in all Black centers. As reported on page 38, seventeen percent of minority children in public schools are in all minority schools. FFP centers

are somewhat less separated racially than are non-FFP centers--32% of Black children in FFP centers are in all Black centers whereas 51% of Black children in non-FFP care are in all Black centers.

Conclusion: Separation and Integration in Child Care Centers

Each of the four center types, non-FFP profit, non-FFP non-profit, FFP profit and FFP non-profit, possess distinct distributions of the economic and racial characteristics of the children they serve. Individual centers of each type tend to reflect the characteristics of their type, although there are centers of each type that are uncharacteristic of their type. For example, profit FFP centers as a type serve relatively few Black or poor children and have a relatively high proportion of enrollment from higher income families, yet two percent of the centers of this type serve exclusively poor children and four percent serve exclusively Black children. FFP non-profit centers as a type have an enrollment that is predominantly poor (60%) and predominantly non-Anglo. At the same time, nine percent of these centers serve exclusively Anglo children and two percent serve no poor children.

The average parent fee of $25 per week per child in non-FFP centers makes it unlikely that many families earning under $6,000 per year will purchase care at the full fee in non-FFP centers. 12/ Without public subsidy relatively few poor children would have the opportunity for center care. However, present FFP policies probably tend to promote more separation of children than alternative policies might.

While there are exceptions it is clear that on the whole FFP and non-FFP centers serve different populations. The cost of meeting the FIDCR, Title XX policies in certain jurisdictions explicitly excluding Title XX facilities

12/ Sixty-four thousand poor families are served in non-FFP facilities (mostly in non-profit facilities) and 177,000 in FFP centers (Supply Study, 78).

from serving non-FFP children, 13/ and the exclusion of profit centers from the Department of Agriculture Child Care Food Service program and CETA will tend to promote separation of poor, moderate and higher income children. Since income and race are somewhat related this means separation by income class will result in some separation by race. However even with a change in policy some separation would remain as a result of residential separation and personal choice.

13/ In some cases Title XX Agencies contract with a provider e.g., a School Board or Community Action organization to provide care exclusively to Title XX children.

TECHNICAL NOTE 6
ESTIMATES OF THE NUMBER OF FFP CHILDREN IN DAY CARE CENTERS

Estimates of FFP Enrollment

Estimates of cost have been reported in the previous Technical Notes on a cost per child basis. The total cost of the FIDCR to the Federal government, and to state and local governments, depends on the number of FFP children in these centers as well as on the cost per child. 1/

There are two major sources of estimates of the total number of FFP children in day care centers. The Supply Study reports estimates of the number of FFP and non-FFP children in the United States and by state, estimates of the number of centers serving FFP children and mean FFP enrollment per center. The Supply Study estimates are based on a survey of 3,200 day care centers chosen on a probability basis from the approximately 20,000 centers in the United States. Social Services U.S.A., a publication of the U.S. Department of Health, Education and Welfare's Office of Human Development Services, reports statistics on the number of recipients of and expenditures for all social services funded by Title XX, Title IV-B and WIN. This publication reports the number of children in FFP child care by type of care (center, family day care and in-home) and by state.

Unfortunately, there is a significant discrepancy between the estimates of the number of FFP children in centers reported in the Supply Study and those reported

1/ The FIDCR apply to Title XX child care and to Title IV care purchased by state agencies. The FIDCR do not apply to Title IV income disregard care.

by the Department of H.E.W. in Social Services U.S.A. (July-Sept., 1976). 2/ The Supply Study reports a total of 225,069 FFP children (average 1976-77). Social Services U.S.A. (July-Sept., 1976) reports a total of 339,684 children receiving FFP center care in that quarter. 3/ The definition of FFP used in the Supply Study covers all government programs (including, for example, full time Head Start and state and county funded programs, as well as the programs reported in Social Services U.S.A.). Therefore, other things being equal, the Supply Study total should be higher than the Social Services U.S.A. total. In fact, however, the Supply Study figure is lower than the Social Services U.S.A. figure by more than 100,000 children (see Table 1). It is apparent that uncertainty concerning the total cost of the FIDCR, and indeed of Title XX child care as a whole, will continue to exist until this discrepancy is resolved. 4/

Table 1 shows by state the estimated number of FFP children computed from the Supply Study and the number of FFP children in centers reported in the Social Services U.S.A. July-Sept., 1976. It is hoped that state Title XX administrators and other knowledgeable individuals will provide us with the information needed to arrive at a valid estimate of the number of FFP children in centers.

The Supply Study did not report state estimates of FFP children. However, the Supply Study did report estimates of the number of FFP centers for each state and estimates of the mean number of FFP children per FFP center for most states. These figures were used to compute estimates of the number of FFP children by state. In the case of states with no reported estimate of the mean

2/ July-Sept. 1976 is the most recent quarter for which data are available. Data for earlier quarters also differ substantially from that reported in the Supply Study.

3/ In the July-Sept. 1976 quarter Title XX children represented eighty-nine percent of the combined Title XX and Title IV-B and WIN center enrollment.

4/ The sample error in the estimated number of FFP children is unlikely to be more than plus or minus several thousand children. The ninety-five percent confidence interval for the nation for a proportion whose true value is 50% is plus or minus 1.6% (Supply Study, 78).

TABLE 1

Number of Children Funded by FFP Programs in Day Care Centers

State	Estimated Number Computed from Supply Study (78)	Number of FFP Children Reported in Social Services USA, July-Sept 1976
Alabama	8,968	6,048
Alaska	528*	59
Arizona	2,650	7,527
Arkansas	2,392	4,886
California	24,424	42,185**
Colorado	2,425	3,093
Connecticut	1,461	3,939
Delaware	1,155	1,923
D.C.	1,988	977
Florida	8,930	11,387
Georgia	7,582	10,922
Hawaii	2,176	2,102
Idaho	177	192
Illinois	8,770	3,155**
Indiana	1,611	3,103
Iowa	1,299	2,871
Kansas	9,648	2,950
Kentucky	2,360	2,200
Louisiana	2,335	7,210
Maine	1,193	1,125
Maryland	2,815	4,031
Massachusetts	6,448	13,688**
Michigan	4,850	12,956**
Minnesota	1,307	4,825
Mississippi	3,697*	3,074
Missouri	6,194	7,980
Montana	624	2,324
Nebraska	2,326	2,172
Nevada	417*	4
New Hampshire	1,172	1,997
New Jersey	9,435	22,449***
New Mexico	1,125	1,841
New York	22,464	47,064***
North Carolina	11,444	3,732***
North Dakota	361*	679
Ohio	6,857	5,805

TABLE 1 Continued

State	Estimated Number Computed from Supply Study (78)	Number of FFP Children Reported in Social Services USA, July-Sept 1976
Oklahoma	7,244	18,213***
Oregon	3,264	7,686
Pennsylvania	10,053	14,484***
Rhode Island	911	692
South Carolina	7,837	7,285
South Dakota	229*	325
Tennessee	6,460	5,997
Texas	9,771	14,390***
Utah	1,109	2,592
Vermont	795	1,134
Virginia	2,056	2,709
Wisconsin	2,604	5,714
Wyoming	183	703
Washington	2,818	4,144
West Virginia	730	1,321
Sum of States	229,852	339,864
U.S.***	225,069	

*No estimated average FFP enrollment reported for state; U.S. average FFP enrollment per center, and state estimate of number of FFP centers, used to estimate number of FFP children.
**Designates a state for which the larger of the two estimates is at least 4,000 greater than the smaller and for which there is a difference in the estimates of at least 60% of the lesser figure.
***U.S. estimated number reported in Supply Study (78).

SOURCE: Estimates for each state computed as product of estimated number of FFP centers reported in Supply Study (78) and estimated average FFP enrollment per center by state as reported in Supply Study (78).

number of FFP children per FFP center the national average FFP enrollment per center was used. The sum of state estimates thus derived is 229,852, only slightly different from the independently derived estimate of 225,069 reported in the Supply Study.

Sample error in the Supply Study cannot reasonably account for the difference between the Supply Study national estimate of FFP enrollment and the figure reported in Social Services U.S.A. Nor can sample error reasonably account for the large differences shown for many states.

The Supply Study estimates are based on a sample of 3,167 centers (17% of the estimated total number of centers in the United States). The sample size for each state was chosen so that the ninety-five percent confidence interval for a proportion would be no wider than ±.15. Although non-response makes the final sample error somewhat larger for some states, sample error cannot reasonably account for differences of 60% or more between the figures reported for some states in the Supply Study and in Social Services U.S.A.

Conceptual Differences in Reports of FFP Enrollment

The total enrollment reported by Social Services U.S.A. is by definition the count of all children receiving social services funded center care during the quarter. The Supply Study total is the average number of children receiving care during the year. 5/ Since children enter and leave during a quarter the number of children receiving care at any one time during a quarter will be less than the overall number of children reported as receiving care during an entire quarter. As a rule of thumb it is estimated that in a one year period approximately 50% more persons receive public assistance than are on the public assistance roles at

5/ The total enrollment reported in the Supply Study is the sum of center enrollments at the time of survey. The survey took place during the period April 1976-February 1977.

any one time. 6/ Assuming that this rule holds for social services, and that the case load is constant, then the quarterly case load will be about 113% of the average quarterly enrollment. Thus dividing the Social Services U.S.A. figure for July-September 1976 by 1.13 yields an estimate of 300,800 average quarterly enrollment--a figure comparable to the point in time enrollment of 225,000 reported in the Supply Study.

Day care centers were defined for the Supply Study as facilities open for at least nine months of the year and serving at least one child 25 hours or more per week. This means that facilities serving only part time children, e.g., after school only, were not included in the Supply Study. In contrast, Social Services U.S.A. defines a day care center as a facility serving 12 or more children for less than 24 hours. If many FFP children receive part time care in part time facilities, excluded from the Supply Study definition of centers, the difference in the two sets of figures might be explained. For such an explanation to be plausible however, part-time enrollment should be a higher proportion of the enrollment in the Social Services U.S.A. figures than in the Supply Study figures; this is not the case. And it is doubtful that the omission of part time facilities is a major factor in explaining the discrepancy between the two estimates of FFP enrollment.

The Supply Study defines part time enrollment as enrollment for less than 30 hours per week. The Social Services U.S.A. definition is enrollment for less than 32 hours per week. This minor difference in definitions should tend to make the reported proportion of part time enrollment in the Supply Study slightly lower than that reported in Social Services U.S.A. In fact, however the reported proportion of part time enrollment is much higher in the Supply Study (29%). 7/ Twenty-three percent of FFP center children were reported as part time in the

6/ Telephone conversation with Howard Oberhau of the Social Security Administration, H.E.W.

7/ The Supply Study reported proportion of part-time enrollment applies to all children. Separate figures are not available for FFP children.

April-June 1976 Social Services U.S.A. 8/ There are several possible explanations for this result. Since there are financial incentives to report part-time enrollment as full time to state Title XX agencies it may be that the proportion of part time enrollment is underreported in Social Services U.S.A. Such incentives were not present for centers reporting to the Supply Study interviewers.

Measurement Error

The sample of the Supply Study was designed to efficiently represent the population of day care centers in the United States. If FFP centers are concentrated in certain locations, such as states with large urban centers, the relative proportion of FFP to non-FFP centers could be understated (or overstated). 9/ There is some evidence, albeit tenuous, that understatement of urban enrollment has occurred. According to the Supply Study the states of Massachusetts, New York and Pennsylvania (all with large urban centers) have 15% of the national

8/ The April-June quarter proportion is reported here. Part time enrollment might be expected to be low in the July-September quarter, since in that quarter some school age children normally enrolled for part time will be present full time. The proportion of part-time enrollment in the April-June quarter is more typical of the proportion for the year as a whole. The proportion in July-September 1976 is 19%.

9/ There are several financial factors that might result in a different location pattern of FFP and non-FFP facilities. Land, and to a lesser extent, labor costs may make operation of non-subsidized centers, and particularly non-subsidized profit centers, very difficult in central cities. Underused school facilities and other factors will in some cases result in lower prices of resources to FFP than to non-FFP centers in central cities. Even if FFP facilities must pay market prices, the availability of Title XX and Title IV subsidies may make it possible for FFP centers to operate at locations that are financially unfeasible for non-FFP facilities.

enrollment in FFP centers. 10/ According to Social Services U.S.A. these states have 22% of the national FFP enrollment.

The Social Services U.S.A. reporting system is a relatively new one. A comparison of the state estimates reported in Social Services U.S.A. for several quarters shows inconsistencies in the number of enrolled children and expenditures reported for some states. It is possible that double counting of children in the report is responsible for some of the difference between the Social Services U.S.A. figure and the Supply Study figure. However, the Social Services U.S.A. reported enrollment figures for the state of Illinois are known to be 11,000 below actual enrollment. 11/

The Supply Study total is almost certainly somewhat low as a result of an under count of the number of centers in the United States. Licensing lists used to develop the sample frame were at least one year old at the close of the survey. Moreover, the licensing lists themselves were not up to date in some cases. The authors of the Supply Study report that these factors are believed to have resulted in an under count of about 16% in the number of centers (Supply Study, 78). Assuming that the number of FFP children is also under reported by 16% results in an adjusted estimate of average FFP enrollment of 261,000.

Summary and Conclusion

The Supply Study national estimate of 225,069 FFP children includes some Head Start, and some children funded solely by state or local monies. Thus, the total

10/ These states were selected from a number of urban states because there were no known factors in the Social Services U.S.A. figures for these states that would result in unreliable reports of the number of FFP children.

11/ Two state agencies in Illinois fund Title XX child care. The Social Services U.S.A. figures for Illinois do not include the children funded through one of these agencies, the Illinois Department of Children and Family Services.

number of Title XX and Title IV children would be overstated were it not for other factors. The Social Services U.S.A. total represents all the children enrolled for an entire quarter and thus overstates the number of children enrolled at any one time. It is possible that the sample design resulted in an under representation of FFP centers resulting in an under count of FFP children. Limitations in the Social Services U.S.A. reporting system are known to result in an under count for at least one state. For other states enrollment may be over counted.

Converting the Social Services U.S.A. figure to a point in time estimate results in an adjusted estimate of average enrollment of 300,800 for the July-Sept. 1976 quarter. Adjusting the Supply Study (78) total for the under count of centers results in an adjusted Supply Study average FFP enrollment of 261,000 for the period April 1976-February 1977.

A valid estimate of the number of FFP children being served is essential in order to establish valid estimates of the cost of program changes, including changes in Federal day care requirements. It is not possible to conclude that the true FFP enrollment lies somewhere between the total reported in the Supply Study and that reported in Social Services U.S.A. Since Title XX child care is a state administered program it is likely that only extensive consultation and the cooperation of state administering agencies will make it possible to arrive at valid estimates of FFP enrollments. In view of the possibility--perhaps likelihood--that many states do not now have good estimates themselves, accounting rules should be specified to assure the validity of the estimates.

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APPENDIX A

EXECUTIVE SUMMARY OF

"The Appropriateness of the Federal Interagency Day Care Requirements (FIDCR): Report of Findings and Recommendations"

EXECUTIVE SUMMARY

Day care has become an increasingly important part of family life in the United States. Today, 11 million children under the age of 14 spend a substantial part of their week in childcare arrangements. How they spend their time in these formative years is a legitimate concern of the public and of public policy.

For 2.5 million infants and toddlers, enrollment in day care marks their first separation from their parents during years that are critical to their total development. For 3.7 million preschoolers, day care has the potential to expose them to beneficial experiences that will better prepare them for their first years in school. For slightly more than 4.9 million school-age children 13 and under, their experiences in day care before and after school may be intertwined with school activities. Children aged 10 to 13 are less likely than those in other age groups to be in day care because many parents consider them to be old enough to look after themselves when not in school.

The Federal Government—mostly the Department of Health, Education, and Welfare (HEW)—subsidized approximately $2.5 billion of childcare arrangements in 1976. In 1975, parents spent $6.3 billion for privately purchased day care.

As a Department concerned with the well-being of all children, HEW has a fundamental responsibility to assure that the children and parents assisted by its programs are well served and that day care funds entrusted to the Department are well spent. HEW has a special responsibility for young children who cannot protect their own interests.

Most of the day care arrangements financially assisted by HEW funds are regulated by the Federal Interagency Day Care Requirements (FIDCR), which are published Federal regulations authorized by Congress. The FIDCR were promulgated in 1968; in 1975, the FIDCR were modified and incorporated into Title XX of the Social Security Act.

In 1975, Congress also mandated the Secretary of HEW to evaluate the appropriateness of the day care requirement imposed by Title XX. This report responds to that mandate. It concludes that:

- Federal regulation of federally supported day care is appropriate.
- The FIDCR can be rewritten, based on 10 years of experience, to improve their ability to protect and enhance the well-being of children.

This report is the result of 3 years of extensive study by HEW of research in the field of day care; of 21 state-of-the-art papers specially commissioned for this project; and of comments from practitioners, parents, administrators, and other parties interested in day care.

As this report was being completed, the Secretary of HEW announced that the Department was beginning the process of revising the FIDCR. Details of this process are described in Chapter 5.

CHAPTER 1
A PERSPECTIVE ON THE FIDCR AND DAY CARE

The largest single Federal day care program is carried out by HEW under Title XX of the Social Security Act. In 1976, about one-third of federally supported day care was provided under Title XX, underwriting care for more than 600,000 children.

The planned Title XX day care expenditures remained relatively constant in fiscal years 1976 ($759 million), 1977 ($742 million), and 1978 ($772 million), even though Congress enacted supplemental appropriations of $200 million above the ceiling in both 1977 and 1978 to help States meet the requirements imposed by the FIDCR. Many States, however, decided not to increase day care expenditures.

THE VARIETIES OF DAY CARE

There are three types of day care: in-home (provided in the child's own home); family (provided in the caregiver's home); and center (provided in a center serving more than 12 children).

Providers of each type vary widely in background, experience, and expertise. They range from grandmothers and other close relatives to homemakers with children of their own to small business entrepreneurs to professionals with graduate degrees in child development. Their duties are the same, however: to protect the child from physical harm, to feed the child and minister to the child's health needs, to set disciplinary limits for the child, and to nurture the child in his or her development.

This study concludes that appropriateness must be evaluated in terms of what the FIDCR are intended to accomplish. This study concludes that, although the principal purpose of day care is to help parents to work and to achieve self-support, the principal purpose of the FIDCR is to facilitate the appropriate social, emotional, physical, and cognitive growth of children in Title XX day care.

Chapter 2 of this report examines research, expert opinion, and consensus of practical experience on the effects of the FIDCR components on reducing risk of harm and on promoting the well-being of children in care. Chapter 3 presents estimates of what certain FIDCR provisions cost. Chapter 4 analyzes the efforts by the Federal and State governments to implement the FIDCR. Drawing on the data presented in the earlier chapters, Chapter 5 discusses the kinds of policy choices confronting the Department and presents preliminary findings and conclusions, recommendations, and HEW's plans for developing new FIDCR.

CHAPTER 2
IMPACT OF THE FIDCR ON CHILDREN IN DAY CARE

The FIDCR cannot be tested with laboratory precision because they lack clarity and specificity, and are not uniformly in operation in the field. But their appropriateness can be assessed, based on experience and available research. The basic criterion for assessment is the effect of the regulations on the well-being of the children in care. Chapter 2 discusses the FIDCR components and assesses them in terms of that criterion.

GROUPING OF CHILDREN

Child-staff ratio and group size are the regulatable aspects of day care that are most directly related to the amount and nature of personal attention that caregivers can give children. Evidence shows that small groups of children and caregivers best promote competent child development. Group size should vary according to the ages of the children in care and whether there are children, such as the handicapped, with special needs. Small groups are especially important for children under age 3.

Low child-staff ratios and small group sizes may in themselves guarantee very little about the quality of care children receive, because they interact with other components of day care—such as caregiver competence. Any revision to the FIDCR should take this interrelatedness into account.

Important natural variation in group size and child-staff ratios occurs in a center or family day care home during the day and throughout the year. This variation must be accommodated by any administrative regulations.

CAREGIVER QUALIFICATIONS

Limited research data exist on the differential effects of various types of education, credentials, experience, and inservice training on caregiver behavior. Research data and expert opinion reveal, however, that (1) specific caregiving skills are needed to support the well-being of the child, (2) training can be used to promote these skills, and (3) training is essential to refine or improve current caregiver performance in all modes of care.

EDUCATIONAL OR DEVELOPMENTAL SERVICES

Educational (or developmental) services should lay the groundwork for continued cognitive, social, emotional, and physical development. This can best be achieved by clearly defined program objectives, quality caregiving, and age-appropriate materials. This is important for all children, regardless of age.

Data indicate a disproportionate prevalence of developmental risk among children of low-income families. Over time, that risk impairs their ability to thrive. The optional nature of, as well as the broader developmental goals intended by, this component must be clarified and refined.

ENVIRONMENTAL STANDARDS

There is no assurance that State and local safety and sanitation codes adequately protect the well-being of the child in the day care environment. Many codes were written for facilities other than day care, and these codes do not cover the safety of play equipment.

The type of space is not the only important aspect of environment. Also important are play materials and privacy.

HEALTH SERVICES

A considerable portion of children in Title XX day care are at risk with regard to their health. The present standards address all the areas of concern regarding the child's health status both within and outside the day care setting, but there are problems associated with their implementation. Day care providers can more reasonably be expected to be responsible for quality control and preventive functions for health problems than to deliver health care services.

NUTRITIONAL SERVICES

It is important to provide children with nutritious meals and snacks in day care to help insure that their overall diets are nutritionally sound. As many as a third of the children currently eligible for federally funded day care are likely to be at risk in terms of inadequate caloric intake and vitamin deficiencies. Many family day care providers lack a basic understanding of good nutrition and resources to provide adequate nutritional services to the children they serve.

PARENT INVOLVEMENT

Underlying the Parent Involvement component is the belief that children in day care will benefit from the participation of their parents in the program. The data available on parent involvement in day care generally indicate relatively low levels of parent participation in such activities as policy planning and budget review. Educational workshops that provide childrearing information appear to be popular among parents. Several research and demonstration projects show that when parents receive rigorous training in caregiving skills and tutoring techniques, their children show significant social, emotional, and cognitive developmental gains. Parents become more sensitive to their children's needs and interact with their children in cognitively appropriate ways.

SOCIAL SERVICES

This FIDCR component impacts only indirectly on the child in care. It is nonetheless important because many childcare experts believe no short-term intervention program can succeed in supporting the competent development of a child whose family is overwhelmed by its socioeconomic plight or other problems. Most parents want referral services that will help them select appropriate day care for their child. This need is largely unmet across the country. As with the Health Services component, the emphasis of this component should be on information and referral to other social services.

ASPECTS OF DAY CARE NOT ADDRESSED BY THE FIDCR

Chapter 2 also examines four aspects of day care not currently regulated by the FIDCR.

Continuity of Care

A great deal of research describes the negative effects on children of all ages—and especially on young children—of caregiver instability and inconsistency in caregiving environments. Continuity of care apparently is not enhanced by current regulatory/administrative practices. Although evidence suggests that this variable could not be easily regulated, the impact of Title XX policies—including the FIDCR—on continuity of care should be considered in developing new FIDCR.

Age of Entry into Day Care

There are no data that specify the earliest age at which a child can be separated from the primary caregiver (usually the mother) for an extended period each day without suffering negative developmental consequences. There is insufficient evidence to suggest that this component should be regulated.

Hours in Care

Parents who seek childcare arrangements because of employment probably think of the hours of service more in terms of their own needs than of the impact on their children. The impact of hours in care on child well-being has not been adequately assessed to suggest if this variable should or can be regulated.

Program Size

Data on the relationship between program size and quality of care are meager, but the results suggest that the bigger the program, the bigger the problems. Some of these problems, which include negative interaction patterns between teachers and children and high levels of staff turnover, are indicators of poor quality care. Many problems of size can be overcome by proper management. At present, however, the evidence is insufficient to justify regulating this variable.

CHAPTER 3
COST IMPLICATIONS OF THE FIDCR

Three major questions concerning the cost of the FIDCR are:

- Does meeting the FIDCR raise costs significantly above those of private-pay care?

- What is the cost of bringing all Federal financial participation (FFP) day care facilities into compliance with the FIDCR? (FFP facilities are those receiving Federal funds.)

- How much do the comprehensive services now provided in FFP care add to its cost?

The chapter addresses FIDCR related costs for the three major types of childcare: center, family, and in-home. Centers receive the most emphasis because they are more likely than other facilities to be federally supported and because more is known about center care than the other two.

FIDCR COSTS FOR DAY CARE CENTERS

The FIDCR are minimum requirements that States must enforce to receive Federal funds for childcare. The additional cost of care that results from meeting those requirements might be measured in several ways. This report uses cost estimates of the minimum compliance effort, based on a reasonable reading of the Monitoring Guide of the Administration for Public Services. States and providers may choose to go beyond the minimum requirements, of course.

Of all nine FIDCR requirements, only that regulating child-staff ratios permits a specific numerical estimate of the additional expenses of meeting that requirement. However, technical and definitional problems make even these estimates subject to significant differences in interpretation.

Using the National Day Care Study - Supply Study data and a relatively lenient method of measuring compliance, it would appear that meeting the ratio requirement would increase the average cost of care per child an estimated $19 a month or $227 a year compared to non-FFP centers. This means that FFP children in centers meeting the FIDCR will receive care that is significantly more expensive than that purchased by parents in centers serving only private pay children. Moreover, it is likely that the majority of the non-FFP centers could not meet the cost of the FIDCR child-staff ratio requirement and continue to serve private-pay children unless some subsidy were available for all the children in their care.

It appears that meeting the non-staffing requirements of FIDCR, using the minimum compliance interpretation, adds little to the resources generally offered by private day care or already mandated by most State licensing standards.

A 1976-77 survey estimated that 5,500 more full-time caregivers were needed nationwide to bring into compliance the FFP centers not meeting FIDCR child-staff ratio requirements. Estimates of the total cost to hire those caregivers range from $33 million to $44 million a year, depending on the wages and fringe benefits offered.

Many FFP centers complying with the FIDCR have staff beyond what the regulations require. The 1976-77 survey estimated 12,400 such staff. To the extent that any of the 12,400 staff now employed in excess of the FIDCR requirement could be reduced through attrition or shifted to non-complying centers through transfer, the net cost of meeting the staff ratio requirements would be reduced. Transfers would be most practical in centers operated by school districts or other governmental units (about 10 percent of all centers). Each thousand extra full-time equivalent staff reassigned or eliminated results in an annual reduction of $6 million to $8 million in salary costs.

Finally, nonprofit FFP centers often provide comprehensive services (e.g., meals, transportation, and social services) that appear to go beyond those required by the minimum interpretation of the FIDCR and beyond the services offered by for-profit FFP providers. These extra services, lower child-staff ratios, and higher wages push the total average monthly cost per child up to $190. That is $70 more than in nonprofit centers serving only private fee-paying parents, and considerably more than low- or middle-income families are likely to pay without Government financial assistance.

The higher cost of care in FFP centers is only one factor--but an important factor—in explaining why FFP children in day care tend to be separated from those in non-FFP care. At present, 40 percent of nonprofit, nonwaiverable centers serve only FFP children. Another 20 percent serve between 75 and 99 percent FFP children. It is likely that roughly 50 percent of FFP children in centers are in exclusively FFP facilities. Enforcing the FIDCR would probably result in some increase in the separation of the FFP and non-FFP children.

Of course, other factors lead to separation of FFP and non-FFP children. Examples of such factors are a center's location and State and local Title XX agency policies (e.g., New York City contracts with organizations to provide care exclusively for FFP children).

FIDCR COSTS FOR FAMILY DAY CARE

More than 5 million children are cared for in homes other than their own for at least 10 hours a week. In contrast to the center market, federally funded care is a small fraction of total family day care; only about 140,000 children received FFP family care for the fourth quarter of fiscal year 1976.

According to the FIDCR, FFP family facilities must be licensed. The individual licensing and Title XX policies of each State determine in large measure the impact of the FIDCR on family day care. For example, State policies determine whether relatives and friends can be certified to care for a Title XX child.

A section-by-section analysis of the FIDCR shows that none of the key family day care provisions (e.g., on the number of children in a home, training, licensing, monitoring, etc.) necessarily mean that reimbursement per FFP child would be substantially above the average fees charged for private-pay care. However, some State and local policies lead to substantial costs for training, support services, licensing, and monitoring.

IN-HOME CARE AND THE FIDCR

Nineteen percent of FFP children are served by in-home care. Little is known about its cost and characteristics. Until much more is known about wage rates and other aspects of in-home care, the additional costs (and benefits) of support services and training for these providers cannot be determined.

CHAPTER 4
ADMINISTRATION OF THE FIDCR

There are vertical and horizontal layers of regulation affecting day care programs. Vertically, the Federal, State, and local governments regulate day care. Horizontally, several Federal departments and agencies are involved and the States and localities also have several regulatory bureaucracies concerned with day care.

The administrative issues surrounding the FIDCR include:

- The relationship of the FIDCR to State licensing standards.
- The record of the Federal Government in developing, implementing, and enforcing the FIDCR.
- The ability of the States to administer the regulations.

STATE STANDARDS

State licensing standards prescribe minimum standards of performance that must be met by all State day care programs to operate legally.

It is difficult to compare State standards with the FIDCR because of the lack of research data on the State standards and because State standards often include local code requirements. States also differ in respect to what components of a day care program they regulate and in how they apply the standards.

State standards for center programs come the closest to regulating the same day care components as the FIDCR. Almost all States regulate child-staff ratios and the environmental, administrative, health and safety, and educational aspects of day care center programs. They are less unanimous in including requirements for staff qualifications and staff training and regulating group size. On the whole, States do not support establishing licensing requirements for social services, parent involvement, and program evaluation.

For family day care, both the FIDCR and State standards establish child-staff ratios, and facility, health, and safety requirements, but other areas of the FIDCR have little similarity with State standards. However, for five States, standards apply only to federally funded programs.

Only 20 States have any requirements for in-home care. FIDCR do not include standards for in-home care, relying on States to develop this type of regulation.

The fact that a State standard addresses requirements for the same components as the FIDCR does not speak to either the adequacy or specificity of that standard. States do not always regulate the same aspects of a particular component, and it is frequently difficult to determine if the elements being regulated are comparable in importance.

In conclusion, although State licensing standards have become more stringent in the past 10 years, the evidence indicates that these standards still do not insure a minimum level of program performance when judged by their comprehensiveness.

FEDERAL IMPLEMENTATION

The problems the Federal Government has experienced in designing and implementing a Federal day care regulatory policy are not unique. Many of the difficulties are inherent in any regulatory process. This report examines the FIDCR within the broader context of the state of the art of Federal regulation. The implementation of the FIDCR can be assessed in terms of six basic factors that influence the success or failure of Federal regulation in general.

Clarity of Goals of Regulation

There has been confusion since the drafting of the 1968 FIDCR as to what they are intended to accomplish. This confusion has existed despite the clear regulatory nature of the FIDCR. The regulatory goals are unclear with respect to the purpose of the FIDCR, the degree of compliance required, and whether the FIDCR are consistent with the goals of Title XX.

Clarity of Language

The language of the FIDCR and the lack of supporting materials have have made the application of critical FIDCR components a difficult task.

Public Involvement

The public affected by the FIDCR—day care consumers, providers, and State administrators—did not participate in the development of the FIDCR and is not informed that it has a role to play in the regulatory process.

Regulatory Climate

The Federal Government has not shown strong leadership in building and maintaining a consensus of support for the FIDCR.

Conflict of Loyalties

The process of implementing regulations can create conflicts of loyalty among those responsible for insuring that the goals of the regulations are carried out. In the case of the FIDCR, these conflicts can occur when State officials are responsible both for for providing a day care service and for terminating a major source of funds if day care programs do not meet the FIDCR. Conflicts can also occur when State licensing personnel play the dual role of consultant and program monitor. A related problem can occur when the regulator is also the purchaser of the day care service. A shortage of available day care can influence the judgments made about the adequacy of the existing resources.

Enforcement Policies

Generally, the Federal Government has shown little commitment to enforcing the FIDCR, or to imposing penalties for noncompliance.

STATE IMPLEMENTATION

The States have encountered difficulties in administering and enforcing the FIDCR because the regulations are vague and ambiguous in specifying what administrative tasks are required.

It is difficult to determine the success or failure of States in insuring program compliance because of the lack of reliable data. Available evidence indicates that, in States judged to be successful, agency staff spent a significant amount of time with the day care provider,

agency staff developed technical assistance and guidance materials, and the program operated in a climate that supported the implementation of the regulations.

Objective evidence cannot determine whether States should continue to assume the responsibility for administering and enforcing the FIDCR. At the hearings held to review a draft of this report, there was no support for having Federal monitors take over current State roles. What appears to be clear is that there is a recognized need to have HEW support State efforts to implement Fede al day care recuirements.

CHAPTER 5
SUMMARY, RECOMMENDATIONS, AND NEXT STEPS

Congress has taken the view that day care is an important part of the lives of millions of children and, if federally supported, should be regulatud. HEW agrees.

In developing the new FIDCR, HEW will face difficult choices in balancing competing values. The decivions made will reflect in part a view of the proper scope of Federal intervention and in part the strength of the evidence justifying the intervention.

THE NEED FOR MAKING DIFFICULT CHOICES

Perhaps the most fundamental aspect of a regulatory scheme is the inevitability of trade offs, the necessity of choosing between competing values or goals. Resolving these di,emmas requires sacrificing some of one objective to obtain some of another. Some of the choices that must be made concern the comprehensiveness of the FIDCR, their extensiveness, their specificity, and sanctions for noncompliance.

Comprehensiveness

The spectrum of possible coverage of the new FIDCR ranges from quite nbrrow, extending to only one or a few of the current components, to quite comprehensive,)ncluding all of those now covered plus others. Comprehensiveness also affects differently the various kinds of care that are regulated--center care, family care, or in-home care.

Extensiveness

For each aspect of care covered by the FIDCR, it is possible to prescribe standards that are more or less extensive or stringent. For example, the Environmental component of the FIDCR could prescribe standards designed to insure only the most minimal elements of physical

safety or protection against abuse or emotional harm. At the other end of the spectrum, the requirement could attempt to insure an environment that will guarantee a wide variety of experiences designed to promote every aspect of a child's social, emotional, physical, and cognitive growth.

Specificity

No matter how comprehensive or narrow, requirements can be drafted with varying degrees of specificity. Many of the existing FIDCR are general.

Sanctions for Noncompliance

For any given requirement, it is possible to impose a broad range of sanctions. The possibility of graduated sanctions is already receiving serious HEW attention. Compliance systems could provide early warnings, consultation, training, or other assistance and time-phased graduated goals for providers who are conscientiously seeking compliance.

ALTERNATIVE MODELS FOR THE NEW FIDCR

The decisions that are made concerning the comprehensiveness, extensiveness and specificity of the new FIDCR and sanctions for noncompliance will not resolve all the important questions. Perhaps the most important issue that will remain is the extent to which the Federal Government will rely on States to prescribe the content of specific requirements and to enforce them.

In general, three models of Federal-State relationships in this area continue to surface in discussion of the FIDCR:

- The first model relies heavily upon States to define the specific content of requirements, to upgrade their standards, and to administer and enforce them.

- A second model would entail a more directive Federal role. Under this model, the Federal Government would establish minimal Federal requirements for a few critical components (e.g., group size) that appear to be important to the well-being of children in day care.

- A third model would involve the most extensive Federal role. The Federal Government would draft comprehensive and specific day care requirements, applicable to both the State and to the day care provider.

FINDINGS AND CONCLUSIONS

Purpose

The purpose of the FIDCR is to define a set of day care characteristics that protect and enhance the well-being of children enrolled in federally funded day care programs. For most children in federally funded day care—children without special physical, cognitive, or social problems—insuring well-being means providing the elements of care that are needed to nurture the growth of any healthy child. Children with special problems need individual assessment and provision of care over and above those required by all children.

Scope of Application

By law, the FIDCR apply to some but not all federally funded programs. In practice, they apply to some but not all types of day care. For example, the FIDCR apply to Title XX-funded care and, in some situations, to the Department of Agriculture's Child Care Food Program. They do not apply to the Head Start program (which has its own standards that individually equal or exceed the FIDCR), to AFDC-funded care, or to CETA-funded programs.

If the FIDCR represent the basic elements that the Federal Government believes are necessary for the well-being of children in some forms of federally funded day care, and if one of the basic purposes of the FIDCR was to bring uniformity to Federal childcare requirements, logic would indicate that the FIDCR should apply whenever the Federal Government subsidizes day care. This belief was expressed repeatedly during the public meetings to review the draft of this report.

It appears, however, that some situations may call for additional requirements to meet the needs of a special category of children. Head Start, for example, may require additional standards to fulfill its objectives of compensatory education. Furthermore, new legislation would be required for the FIDCR to apply to all federally funded day care.

As amended by Title XX, the FIDCR relate to family and group home day care and center care. Title XX also requires that in-home care meet standards set by the States. In practice, however, these requirements have not been uniformly applied to in-home and family day care.

The FIDCR are not simply Federal regulations for providers of care; they also apply to administrative agencies. Unfortunately the FIDCR are often unclear as to the division of responsibilities. New regulations must distinguish among the administrative entities and affix clear responsibilities for specific administrative functions.

Content

In regard to the appropriateness of the FIDCR, this study recommends the refocusing of some of the requirements, the elimination of several elements within individual FIDCR, and the consideration of the new FIDCR promoting continuity of care.

Grouping of Children. Findings on the importance of group size suggest that this factor should receive more relative emphasis in the regulations. This shift does not necessarily mean that ratio should be omitted from future regulations but rather that group size should be regarded as the principal regulatory tool for assuring adequate interaction, and that ratio will be influenced or determined by the group size requirement.

Caregiver Qualifications. The current FIDCR do not include a separate component for caregiver qualifications although elements of this subject are addressed briefly in several of the other components.

It appears to be important to differentiate between supervisory personnel and caregiving staff because the skills needed by these two groups differ. Supervisors need budgetary and management skills, in addition to child development skills. The revision process should consider the advisability of separate requirements for center directors, lead teachers, or directors of family day care home networks.

Research data and expert opinion clearly show that specialization in child development areas improves the ability of caregivers to promote child growth and development. Although inservice training of caregivers could be broadly regulated, such regulation should not cover the extent and type of training.

The present FIDCR, as well as HEW policy, recommend that "... priority in employment be given to welfare recipients ... and other low-income people." To insure the well-being of children, the new FIDCR should require that welfare recipients hired to work in a day care program possess adequate skills, ability, and motivation to work with children, consistent with other entry-level caregiver qualifications.

Educational or Developmental Services. HEW believes that developmental activities constitute a core component in day care. All children need developmental experiences whether at home or in day care. Experts believe that there should be clearly defined developmental goals and program objectives for children in day care facilities. Sufficient age-appropriate learning and play materials are also important. The success of this component depends on qualified caregivers and program supervisors. Goals and objectives also serve to inform the parent about the program and to support caregiver behavior. Developmental activities should be an integral part of the day care experience.

Environmental Standards. This is a core element that assures the physical well-being of children while in care. The current FIDCR reference local codes in this area. However, local codes are often contradictory and sometimes inappropriate to day care. Local codes also often focus on building safety but not on the safety of toys, playground materials, etc. HEW should use technical assistance to help State and local governments to upgrade their codes to make them more appropriate for protection of children in day care.

Health Services. All children need health services whether they are in day care or at home. It is essential for the well-being of children that both center and family care homes serve a "quality control" function in maintaining the health of the children in their care.

Nutrition Services. The provision of nutritious meals is a core element necessary for the well-being of a child in care. The current FIDCR do not describe how many meals or snacks must be served nor what criteria should be used to determine nutritional quality. Many experts recommend that standards be developed.

Parent Involvement. The present FIDCR stress parent involvement in policymaking in group facilities. Although parent involvement in policymaking should be encouraged, the emphasis should be on open two-way communication between parents and providers.

Social Services. In general, the Social Services component should serve a "quality control" function. The day care agency or facility can be a link with social services agencies for severely disturbed or disadvantaged families. The agency and facility should also provide information and referral for parents requesting it.

Administration and Coordination, and Evaluation. These two components are combined in this discussion. For the most part they apply to the administering agency, not to the provider.

The new FIDCR should completely separate requirements for administering agencies from requirements for the various modes of care. Furthermore, the FIDCR administrative requirements should be combined with the other Title XX requirements that specifically relate to the administration of day care.

The Evaluation component also contains provisions for the provider to do periodic self-evaluations. Organizational self-assessment such as this should continue to be encouraged. The extent of the self-assessment will have to be tailored to the size and nature of the day care provider. The major emphasis on evaluation should be to provide assistance and technical support, and should be placed on the States rather than providers.

Continuity of Care: A Non-FIDCR Component. Continuity cannot be easily mandated. Qualified caregivers cannot be forced to remain in their jobs and parents cannot be required to keep their children in one care arrangement. However, agency placement practices could be re-examined, reimbursement rates improved, and sliding fee schedules promoted to reduce unnecessary shifts in arrangements. Enforcement of regulations should be sensitive to the impact of abrupt changes in group size or personnel on the continuity of care for the particular children involved.

Implementation and Administration

It is extremely important for HEW to work to create a supportive climate for the FIDCR. HEW must be sensitive to the different interest groups concerned with day care regulation and work to establish and maintain public—parent, taxpayer, provider, legislator, and administrator—support.

RECOMMENDATIONS

The FIDCR should be revised to improve their ability to protect the well-being of children in center care, family care, and in-home care and to assure consistent and equitable interpretation. The revision should:

- Reflect current research and expert judgment on elements critical to the well-being of children in care.
- Clarify roles and responsibilities of providers and State and local administrators.
- Educate as well as regulate. This can be done by writing the regulations in clear language, by clearly distinguishing between legal requirements and recommendations, by giving examples of satisfactory compliance, and by defining a common terminology.
- Provide separate and unique requirements for:
  - Different forms of care: in-home, family home, group home, and center care.
  - Children of different ages in care.
  - Children with special needs or handicaps.
  - Different administering agencies.
- Accommodate the rich diversity in childcare needs and arrangements which exist in our pluralistic society.
- Include participation of all interested individuals in the process of writing and implementing the new regulations.

To minimize disruption in the day care field, the Department also recommends that Congress extend the current moratorium on the FIDCR until the Department publishes final day care regulations.

In addition, the FIDCR revision process may lead HEW to propose legislation addressing:

- o A clarification of the congressional intent about the goals of federally regulated day care.
- o Desirability of one set of Federal regulations to apply to all federally funded day care.
- o Repeal of statutory provisions that require that particular Federal day care programs conform to the 1968 FIDCR.
- o Desirability of a wider range of sanctions than now exists for noncompliance with the FIDCR.
- o Desirability of additional funds for training for caregivers.

NEXT STEPS FOR THE DEPARTMENT

In order to stimulate public participation in the development of the new FIDCR, the Department will undertake two major activities:

- o Nationwide dissemination of this report for public review and comment.
- o Discussions between HEW central and regional staff and State officials about administrative considerations.

By the end of the summer of 1978, the Department should have received congressional and public comment on the FIDCR appropriateness report as well as the results of major research now underway. HEW should then be in a position to make decisions on the division of responsibilities between the Federal and State governments. With those decisions made, the Department intends to draft the proposed revised FIDCR for public comment. This approach carries out the Secretary's plan to obtain as many public and professional opinions on the FIDCR as possible before publishing proposed as well as final revisions.

Later in the year, the sequence of events for publication is expected to be as follows:

- o Briefings in Washington, D. C., and at regional meetings and workshops in all the States.

- Publication of a Notice of Proposed Rulemaking (NPRM) in the Federal Register.

- Nationwide dissemination of the NPRM through mailings and through placement in publications of organizations concerned with day care. HEW will seek to use innovative methods of dissemination of the NPRM.

- Formal hearings on the NPRM in Washington, D. C., and on a regional basis.

- Field briefings of representatives of the day care community about the proposed regulations.

When HEW has fully considered all public and professional views on the proposed new FIDCR, it will publish the final revised regulations in the Federal Register.

APPENDIX B
TEXT OF THE FIDCR

FEDERAL INTERAGENCY DAY CARE REQUIREMENTS

PURSUANT TO SEC. 522 (d)

OF THE ECONOMIC OPPORTUNITY ACT

as approved by

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

U. S. OFFICE OF ECONOMIC OPPORTUNITY

U. S. DEPARTMENT OF LABOR

September 23, 1968

DHEW Publication No. (OHDS) 78-31081

NOTE:

The Federal Interagency Day Care Requirements, when applied in relation to use of Title XX, Social Security Act, funds, have been amended as follows:

(1) Page 6, Part I.B.3., Child/staff ratios for children under 3 years and for school age children receiving care in day care centers:

Age	Ratio
Under 6 weeks	1:1
6 weeks to 3 years	1:4
School age 6-10 years	1:15
School age 10-14 years	1:20

(2) Page 9, Part III, Educational Services are no longer requirements, but are recommended.

DISCRIMINATION PROHIBITED--Title VI of the Civil Rights Act of 1964 states: "No person in the United States shall, on the ground of race, color, or national origin, be denied the benefit of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." Therefore, the programs covered in this publication must be operated in compliance with this law.

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PREFACE

Day care is a service for the child, the family, and the community and is based on the demonstrated needs of children and their families. It depends for its efficacy on the commitment, the skill, and the spirit with which it is provided.

Day care services supplement parental care by providing for the care and protection of children who must be outside of their own homes for a substantial portion of a 24-hour day. These services may be provided when parents are employed, are in training programs, or, for other reasons, need these services for their children.

Day care services should be developed and carried out as part of a comprehensive community plan designed to promote and maintain a stable family environment for children. Day care can serve most effectively and appropriately as a supplement to care in the child's own family when other services support family care, such as homemaker service. Only then can the plan of care for a child be based on what is best for him and his particular family. Communities planning coordinated child care programs need to develop a wide range of services, including, but not limited to, day care services.

DEFINITIONS

DAY CARE SERVICES -- comprehensive and coordinated sets of activities providing direct care and protection of infants, preschool and school-age children outside of their own homes during a portion of a 24-hour day.1/ Comprehensive services include, but are not limited to, educational, social, health, and nutritional services and parent participation. Such services require provision of supporting activities including administration, coordination, admissions, training, and evaluation.

ADMINISTERING AGENCY -- any agency which either directly or indirectly receives Federal funds for day care services subject to the Federal Interagency Day Care Standards and which has ultimate responsibility for the conduct of such a program. Administering agencies may receive Federal funds through a State agency or directly from the Federal Government. There may be more than one administering agency in a single community.

OPERATING AGENCY -- an agency directly providing day care services with funding from an administering agency. In some cases, the administering and operating agencies may be the same, e.g., public welfare departments or community action agencies which directly operate programs. Portions of the required services may be performed by the administering agency.

DAY CARE FACILITY -- the place where day care services are provided to children, e.g., family day care homes, group day care homes, and day care centers. Facilities do not necessarily provide the full range of day care services. Certain services may be provided by the administering or operating agency.

1/ The Office of Economic Opportunity uses 7 hours as the minimum time period for its preschool day care programs; however, most of the Standards in this document are also applicable to part-day Head Start programs.

STANDARDS -- Standards consist of both Interagency Requirements and Recommendations. The Requirements only are presented in this document; the Recommendations will be issued separately.

Interagency Requirements -- a mandatory policy which is applicable to all programs and facilities funded in whole or in part through Federal appropriations.

Interagency Recommendations -- an optional policy based on what is known or generally held to be valid for child growth and development which is recommended by the Federal agencies and which administering agencies should strive to achieve.

FEDERAL INTERAGENCY DAY CARE REQUIREMENTS

INTRODUCTION

The legislative mandates of the Economic Opportunity Amendments of 1967 require that the Secretary of Health, Education, and Welfare and the Director of the Office of Economic Opportunity coordinate programs under their jurisdictions which provide day care so as to obtain, if possible, a common set of program Standards and regulations and to establish mechanisms for coordination at State and local levels. The Secretary of Labor has joined with the Director of the Office of Economic Opportunity and the Secretary of Health, Education, and Welfare in approving these Standards. Accordingly, this document sets forth Federal Interagency Requirements which day care programs must meet if they are receiving funds under any of the following programs:

Title IV of the Social Security Act

Part A--Aid to Families With Dependent Children

Part B--Child Welfare Services

Title I of the Economic Opportunity Act--Youth Programs

Title II of the Economic Opportunity Act--Urban and Rural Community Action Programs

Title III of the Economic Opportunity Act

Part B--Assistance for Migrant, and other Seasonally Employed, Farmworkers and Their Families (These Federal Interagency Requirements will not apply in full to migrant programs until July 1, 1969.)

Title V of the Economic Opportunity Act

Part B--Day Care Projects

Manpower Development and Training Act

Title I of the Elementary and Secondary Education Act
(Programs funded under this title may be subject to these Requirements at the discretion of the State and local education agencies administering these funds.)

These Requirements will be supplemented by a series of Federal Interagency Recommendations which are not mandatory but represent highly desirable objectives. The Requirements and Recommendations taken together constitute the Federal Interagency Day Care Standards.

As a condition for Federal funding, agencies administering day care programs must assure that the Requirements are met in all facilities which the agencies establish, operate, or utilize with Federal support. If a facility does not provide all of the required services, the administering agency must assure that those that are lacking are otherwise provided.

Administering agencies must develop specific requirements and procedures within the framework of the Federal Interagency Requirements and Recommendations to maintain, extend, and improve their day care services. Additional standards developed locally may be higher than the Federal Requirements and must be at least equal to those required for licensing or approval as meeting the standards established for such licensing. Under no circumstances, may they be lower. It is the intent of the Federal Government to raise and never to lower the level of day care services in any State.

The Interagency Requirements will be utilized by Federal agencies in the evaluation of operating programs.

Application of Requirements

These Requirements cover all day care programs and facilities utilized by the administering agencies which receive Federal funds, whether these facilities are operated directly by the administering agencies or whether contracted to other agencies. Such programs and facilities must also be licensed or meet the standards of licensing applicable in the State. Day care may be provided:

In a day care facility operated by the administering agency.

In a day care facility operated by a public, voluntary, or proprietary organization which enters into a contract to accept children from the administering agency and to provide

care for them under the latter's policies. (The operating organization may also serve children who are not supported by the administering agency.)

Through some other contractual or other arrangement, including the use of an intermediary organization designed to provide coordinated day care services, or the use of facilities provided by employers, labor unions, or joint employer-union organizations.

Through the purchase of care by an individual receiving aid to families with dependent children or child welfare services funds for the service.

Waiver of Requirements

Requirements can be waived when the administering agency can show that the requested waiver may advance innovation and experimentation and extend services without loss of quality in the facility. Waivers must be consistent with the provisions of law. Requests for waivers should be addressed to the regional office of the Federal agency which is providing the funds. Requirements of the licensing authority in a State cannot be waived by the Federal regional office.

Effective Date of Requirements

The Requirements apply to all day care programs initially funded and to those refunded after July 1, 1968. Administering agencies are expected to immediately initiate planning and action to achieve full compliance within a reasonable time. Except where noted, up to 1 year may be allowed for compliance provided there is evidence of progress and good intent to comply.

Enforcement of Requirements

The basic responsibility for enforcement of the Requirements lies with the administering agency. Acceptance of Federal funds is an agreement to abide by the Requirements. State agencies are expected to review programs and facilities at the local level for which they have responsibility and make sure that the Requirements are met. Noncompliance may be grounds for suspension or termination of Federal funds.

The Federal agencies acting in concert will also plan to review the operation of selected facilities.

COMPREHENSIVE AND COORDINATED SERVICES

The material which follows is, for convenience, arranged according to certain categories of activities or service. Day care works well, however, only when there is a unity to the program. The educator must be concerned with health matters, the nurse with social service activities, and the parent coordinator with helping professionals. Program design must take into account these complex interrelationships.

I. DAY CARE FACILITIES

A. Types of Facilities

It is expected that a community program of day care services will require more than one type of day care facility if the particular needs of each child and his parents are to be taken into consideration. Listed below are the three major types of day care facilities to which the Federal Requirements apply. They are defined in terms of the nature of care offered. While it is preferable that the three types of facilities be available, this is not a Requirement.

1. The <u>family day care home</u> serves only as many children as it can integrate into its own physical setting and pattern of living. It is especially suitable for infants, toddlers, and sibling groups and for neighborhood-based day care programs, including those for children needing after-school care. A family day care home may serve no more than six children (3 through 14) in total (no more than five when the age range is infancy through 6), including the family day care mother's own children.

2. The <u>group day care home</u> offers family-like care, usually to school-age children, in an extended or modified family residence. It utilizes one or several employees and provides care for up to 12 children. It is suitable for children who need before- and after-school care, who do

not require a great deal of mothering or individual care, and who can profit from considerable association with their peers.

3. The day care center serves groups of 12 or more children. It utilizes subgroupings on the basis of age and special need but provides opportunity for the experience and learning that accompanies a mixing of ages. Day care centers should not accept children under 3 years of age unless the care available approximates the mothering in the family home. Centers do not usually attempt to simulate family living. Centers may be established in a variety of places: private dwellings, settlement houses, schools, churches, social centers, public housing units, specially constructed facilities, etc.

B. Grouping of Children

Interagency Requirements

The administering agency, after determining the kind of facility to be used, must ensure that the following limits on size of groups and child-to-adult ratios are observed. All new facilities must meet the requirements prior to Federal funding. Existing programs may be granted up to 3 years to meet this requirement, if evidence of progress and good intent is shown.

1. Family day care home 1/

a. Infancy through 6 years. No more than two children under 2 and no more than

1/ In the use of a family day care home, there must always be provision for another adult on whom the family day care mother can call in case of an emergency or illness.

There are circumstances where it would be necessary to have on a regular basis two adults in a family day care home; for example, if one or more of the children were retarded, emotionally disturbed, or handicapped and needed more than usual care.

The use of volunteers is very appropriate in family day care. Volunteers may include older children who are often very successful in working with younger children when under adequate supervision.

five in total, including the family day care mother's own children under 14 years old.

b. Three through 14 years. No more than six children, including the family day care mother's children under 14 years old.

2. Group day care home 2/

a. Three through 14 years. Groups may range up to 12 children but the child-staff ratio never exceeds 6 to 1. No child under 3 should be in this type of care. When pre-school children are cared for, the child-staff ratio should not exceed 5 to 1.

3. Day care center 3/

a. Three to 4 years. No more than 15 in a group with an adult and sufficient assistants, supplemented by volunteers, so that the total ratio of children to adults is normally not greater than 5 to 1.

2/ Volunteers and aides may be used to assist the adult responsible for the group. Teenagers are often highly successful in working with younger children, but caution should be exercised in giving them supervisory responsibility over their peers.

As in family day care, provision must be made for other adults to be called in case of an emergency or illness.

3/ The adult is directly responsible for supervising the daily program for the children in her group and the work of the assistants and volunteers assigned to her. She also works directly with the children and their parents, giving as much individual attention as possible.

Volunteers may be used to supplement the paid staff responsible for the group. They may include older children who are often highly successful in working with younger children. Caution should be exercised in assigning teenagers supervisory responsibility over their peers.

b. Four to 6 years. No more than 20 in a group with an adult and sufficient assistants, supplemented by volunteers, so that the total ratio of children to adults is normally not greater than 7 to 1.

c. Six through 14 years. No more than 25 in a group with an adult and sufficient assistants, supplemented by volunteers, so that the total ratio of children to adults is normally not greater than 10 to 1.

Federal Interagency Requirements have not been set for center care of children under 3 years of age. If programs offer center care for children younger than 3, State licensing regulations and requirements must be met. Center care for children under 3 cannot be offered if the State authority has not established acceptable standards for such care.

C. Licensing or Approval of Facilities as Meeting the Standards for Such Licensing

Interagency Requirements

Day care facilities (i.e., family day care homes, group day care homes, and day care centers) must be licensed or approved as meeting the standards for such licensing. If the State licensing law does not fully cover the licensing of these facilities, acceptable standards must be developed by the licensing authority or the State welfare department and each facility must meet these standards if they are to receive Federal funds.

II. ENVIRONMENTAL STANDARDS

A. Location of Day Care Facilities

Interagency Requirements

1. Members of low-income or other groups in the population and geographic areas who (a) are eligible under the regulations of the funding agency and (b) have the greatest relative need must be given priority in the provision of day care services.

2. In establishing or utilizing a day care facility, all the following factors must be taken into consideration: 4/

   a. Travel time for both the children and their parents.

   b. Convenience to the home or work site of parents to enable them to participate in the program.

   c. Provision of equal opportunities for people of all racial, cultural, and economic groups to make use of the facility.

   d. Accessibility of other resources which enhance the day care program.

   e. Opportunities for involvement of the parents and the neighborhood.

3. Title VI of the Civil Rights Act of 1964 requires that services in programs receiving Federal funds are used and available without discrimination on the basis of race, color, or national origin.

B. Safety and Sanitation

Interagency Requirements

1. The facility and grounds used by the children must meet the requirements of the appropriate safety and sanitation authorities.

2. Where safety and sanitation codes applicable to family day care homes, group day care homes, or day care centers do not exist or are not being implemented, the operating agency or the administering agency must work with the appropriate safety and sanitation authorities to secure technical advice which will enable them to provide adequate safeguards.

4/ No universal requirements can be established to govern every local situation. There must, however, be consideration of each of these factors in light of the overall objectives of the day care program and the legal requirements which exist, such as title VI of the Civil Rights Act of 1964 and title IV, part B, of the Social Security Act.

C. Suitability of Facilities

Interagency Requirements

1. Each facility must provide space and equipment for free play, rest, privacy, and a range of indoor and outdoor program activities suited to the children's ages and the size of the group. There must be provisions for meeting the particular needs of those handicapped children enrolled in the program. Minimum requirements include:

   a. Adequate indoor and outdoor space for children, appropriate to their ages, with separate rooms or areas for cooking, toilets, and other purposes.

   b. Floors and walls which can be fully cleaned and maintained and which are nonhazardous to the children's clothes and health.

   c. Ventilation and temperature adequate for each child's safety and comfort.

   d. Safe and comfortable arrangements for naps for young children.

   e. Space for isolation of the child who becomes ill, to provide him with quiet and rest and reduce the risk of infection or contagion to others.

III. EDUCATIONAL SERVICES

Interagency Requirements

1. Educational opportunities must be provided every child. Such opportunities should be appropriate to the child's age regardless of the type of facility in which he is enrolled, i.e., family day care home, group day care home, or day care center.

2. Educational activities must be under the supervision and direction of a staff member trained or experienced in child growth and development. Such supervision may be provided from a central point for day care homes.

3. The persons providing direct care for children in the facility must have had training or demonstrated ability in working with children.

4. Each facility must have toys, games, equipment and material, books, etc., for educational development and creative expression appropriate to the particular type of facility and age level of the children.

5. The daily activities for each child in the facility must be designed to influence a positive concept of self and motivation and to enhance his social, cognitive, and communication skills. 5/

IV. SOCIAL SERVICES

Interagency Requirements

1. Provision must be made for social services which are under the supervision of a staff member trained or experienced in the field. Services may be provided in the facility or by the administering or operating agency.

2. Nonprofessionals must be used in productive roles to provide social services.

3. Counseling and guidance must be available to the family to help it determine the appropriateness of day care, the best facility for a particular child, and the possibility

5/ For school-age children, it is desirable that the policies at the day care facility be flexible enough to allow the children to go and come from the day care facility in accordance with their ability to become independent and to accept appropriate responsibility. School-age children also must have opportunities to take part in activities away from the day care facility and to choose their own friends.

The day care staff must keep in mind that for school-age children the school is providing the formal educational component. The day care staff are more nearly "parent supplements." They have responsibility, however, to supervise homework and broaden the children's educational, cultural, and recreational horizons.

of alternative plans for care. The staff must also develop effective programs of referral to additional resources which meet family needs.

4. Continuing assessment must be made with the parents of the child's adjustment in the day care program and of the family situation.

5. There must be procedures for coordination and cooperation with other organizations offering those resources which may be required by the child and his family.

6. Where permitted by Federal agencies providing funds, provision should be made for an objective system to determine the ability of families to pay for part or all of the cost of day care and for payment.

V. HEALTH AND NUTRITION SERVICES

Interagency Requirements

1. The operating or administering agency must assure that the health of the children and the safety of the environment are supervised by a qualified physician. 6/

2. Each child must receive dental, medical, and other health evaluations appropriate to his age upon entering day care and subsequently at intervals appropriate to his age and state of health. 7/

3. Arrangements must be made for medical and dental care and other health related treatment for each child using existing

6/ While nurses or others with appropriate training and experience may plan and supervise the health aspects of a day care program, the total plan should be reviewed by a pediatrician or a physician especially interested in child health. Ideally, such a physician should participate in planning the total day care program and should be continuously involved as the program is carried out. Consultation on technical safety and environmental matters may be provided by other specialists. Individual health evaluations and medical and dental care should be carried out only by highly qualified physicians and dentists.

7/ If the child entering day care has not recently had a comprehensive health evaluation by a physician, this should be provided promptly after he enters a day care program.

community resources. In the absence of other financial resources, the operating or administering agency must provide, whenever authorized by law, such treatment with its own funds. 8/

4. The facility must provide a daily evaluation of each child for indications of illness.

5. The administering or operating agency must ensure that each child has available to him all immunizations appropriate to his age.

6. Advance arrangements must be made for the care of a child who is injured or becomes ill, including isolation if necessary, notification of his parents, and provisions for emergency medical care or first aid.

7. The facility must provide adequate and nutritious meals and snacks prepared in a safe and sanitary manner. Consulation should be available from a qualified nutritionist or food service specialist.

8. All staff members of the facility must be aware of the hazards of infection and accidents and how they can minimize such hazards.

8/ Because day care is designed to supplement parental care and strengthen families, the agency should help parents to plan and carry out a program for medical and dental care for the children. Agencies should not make the arrangements unless the parents are unable to do so. The agency should help to find funds and services and help parents to make use of these resources. Such help may include making appointments; obtaining transportation; giving reminders and checking to be sure appointments are kept, prescriptions filled, medication and treatments administered. Educational programs and social services should be available to help families carry out health plans.

The day care agency, however, in those instances where the Federal funds are legally available to be expended for health services, has the ultimate responsibility of ensuring that no child is denied health services because his parents are unable to carry out an adequate health plan. Aid to families with dependent children and child welfare services funds are not legally available for health care, but States are encouraged to use Medicaid funds whenever possible.

9. Staff of the facility and volunteers must have periodic assessments of their physical and mental competence to care for children. 9/

10. The operating or administering agency must ensure that adequate health records are maintained on every child and every staff member who has contact with children.

VI. TRAINING OF STAFF

Interagency Requirements

1. The operating or administering agency must provide or arrange for the provision of orientation, continuous inservice training, and supervision for all staff involved in a day care program -- professionals, nonprofessionals, and volunteers -- in general program goals as well as specific program areas; i.e., nutrition, health, child growth and development, including the meaning of supplementary care to the child, educational guidance and remedial techniques, and the relation of the community to the child. 10/

2. Staff must be assigned responsibility for organizing and coordinating the training program. 11/

9/ Tuberculin tests or chest X-rays should ensure that all persons having contact with the children are free of tuberculosis. Physical and mental competance are better assured by regular visiting and supervision by competent supervisors than by routine medical tests or examinations.

10/ Special techniques for training of day care mothers in family day care homes may need to be developed. One example of such technique is the use of a "roving trainer" who would have responsibility for working on a continuous basis with several day care mothers in their own homes. Volunteers could also be used as substitutes in family day care homes to allow day care mothers to participate in group training sessions at other locations.

11/ Persons from colleges and universities, public schools, voluntary organizations, professional groups, government agencies, and similar organizations can offer valuable contributions to the total training program.

3. Nonprofessional staff must be given career progression opportunities which include job upgrading and work related training and education.

VII. PARENT INVOLVEMENT

Interagency Requirements

1. Opportunities must be provided parents at times convenient to them to work with the program and, whenever possible, observe their children in the day care facility.

2. Parents must have the opportunity to become involved themselves in the making of decisions concerning the nature and operation of the day care facility.

3. Whenever an agency (i.e., an operating or an administering agency) provides day care for 40 or more children, there must be a policy advisory committee or its equivalent at that administrative level where most decisions are made. 12/ The committee membership should include not less than 50 percent parents or parent representatives, selected by the parents themselves in a democratic fashion. Other members should include representatives of professional organizations or individuals who have particular knowledge or skills in children's and family programs.

4. Policy advisory committees 13/ must perform productive functions, including, but not limited, to:

   a. Assisting in the development of the programs and approving applications for funding.

12/ That level where decisions are made on the kinds of programs to be operated, the hiring of staff, the budgeting of funds, and the submission of applications to funding agencies.

13/ Policy advisory committees, the structure providing a formal means for involving parents in decisions about the program, will vary depending upon the administering agencies and facilities involved.

b. Participating in the nomination and selection of the program director at the operating and/or administering level.

c. Advising on the recruitment and selection of staff and volunteers.

d. Initiating suggestions and ideas for program improvements.

e. Serving as a channel for hearing complaints on the program.

f. Assisting in organizing activities for parents.

g. Assuming a degree of responsibility for communicating with parents and encouraging their participation in the program.

VIII. ADMINISTRATION AND COORDINATION

A. Administration 14/

Interagency Requirements

1. The personnel policies of the operating agency must be governed by written policies which provide for job descriptions, qualification requirements, objective review of grievances and complaints, a sound compensation plan, and statements of employee benefits and responsibilities.

2. The methods of recruiting and selecting personnel must ensure equal opportunity for all interested persons to file an application and have it considered within reasonable criteria. By no later than July 1, 1969, the methods for recruitment and selection must provide for the effective use of nonprofessional positions and for priority in employment to welfare recipients and other low-income people filling those positions.

14/ Where the administering agency contracts for services with private individuals or proprietary organizations, it must include contractual requirements designed to achieve the objectives of this section.

3. The staffing pattern of the facility, reinforced by the staffing pattern of the operating and administering agency must be in reasonable accord with the staffing patterns outlined in the Head Start Manual of Policies and Instructions 15/ and/or recommended standards developed by national standard-setting organizations.

4. In providing day care through purchase of care arrangements or through use of intermediary organizations, the administering agency should allow waivers by the operating agency only with respect to such administrative matters and procedures as are related to their other functions as profit-making or private nonprofit organizations; provided, that in order for substantial Federal funds to be used, such organizations must include provisions for parent participation and opportunities for employment of low-income persons. Similarly, there must be arrangements to provide the total range of required services. All waivers must be consistent with law.

5. The operating or administering agency must provide for the development and publication of policies and procedures governing:

   a. Required program services (i.e., health, education, social services, nutrition, parent participation, etc.) and their integration within the total program.

   b. Intake, including eligibility for care and services, and assurance that the program reaches those who need it.

   c. Financing, including fees, expenditures, budgeting, and procedures needed to coordinate or combine funding within and/or between day care programs.

   d. Relations with the community, including a system of providing education about the program.

15/ HEAD START CHILD DEVELOPMENT PROGRAM: A Manual of Policies and Instructions. Office of Economic Opportunity, Community Action Program, Washington D.C. 20506. September 1967.

e. Continuous evaluation, improvement, and development of the program for quality of service and for the expansion of its usefulness.

f. Recording and reporting of information required by State and Federal agencies.

6. The administering and operating agencies and all facilities used by them must comply with title VI of the Civil Rights Act of 1964, which requires that services in programs receiving Federal funds are used and available without discrimination on the basis of race, color, or national origin.

B. COORDINATION

Interagency Requirements

1. Administering agencies must coordinate their program planning to avoid duplication in service and to promote continuity in the care and service for each child.

2. State administering agencies have a responsibility to develop procedures which will facilitate coordination with other State agencies and with local agencies using Federal funds.

3. Agencies which operate more than one type of program, e.g., a group day care home as well as day care center program, are encouraged to share appropriate personnel and resources to gain maximum productivity and efficiency of operation.

IX. EVALUATION

Interagency Requirements

1. Day care facilities must be periodically evaluated in terms of the Federal Interagency Day Care Standards.

2. Local operators must evaluate their own program activities according to outlines, forms, etc., provided by the operating and administering agencies. This self-evaluation must be periodically planned and scheduled so that results of evaluation can be incorporated into the preparation of the succeeding year's plan.

APPENDIX C

LEGISLATIVE HISTORY OF THE FIDCR

LEGISLATIVE HISTORY
FEDERAL INTERAGENCY DAY CARE REQUIREMENTS AND
TITLE XX DAY CARE REQUIREMENTS

Legislative Authority in the Economic Opportunity Act	1968 FIDCR

Economic Opportunity Amendments of 1967
Public Law 90-222, sec. 107(a) (Dec. 23, 1967) — 42 USC 2932(d)

- Added sec. 522(d) to the Economic Opportunity Act of 1964, which directed the Secretary of Health, Education, and Welfare and the Director of the Office of Economic Opportunity to establish a common set of day care program standards and regulations.

Economic Opportunity Amendments of 1972
Public Law 92-424, sec. 19 (Sept. 19, 1972)

- Added to the original FIDCR mandate the condition that "such standards [for day care programs] must be no less comprehensive than" the 1968 FIDCR.

Community Services Act of 1974
Public Law 93-644, sec. 8(b) (Jan. 4, 1975)

- Removed the word "Director" (of the Office of Economic Opportunity) from the FIDCR mandate, making the Secretary of Health, Education, and Welfare solely responsible for carrying it out.

Legislative Authority in Title XX of the Social Security Act:	Title XX FIDCR

Social Services Amendments of 1974
Public Law 93-647, sec. 2 (Jan. 4, 1975)

- Established Title XX of the Social Security Act.
- Incorporated a modified form of FIDCR as funding requirements for day care services, sec. 2002(a)(9)(A) of Title XX. — 42 USC 1397a

- Sec. 2002(a)(9)(B) called for report of appropriateness of the requirements imposed by subparagraph (A) and gave Secretary of Health, Education, and Welfare authority to change the requirements.

- Sec. 2002(a)(9)(C) specifically superseded the requirements of sec. 522(d) of the Economic Opportunity Act, the original FIDCR mandate.

- Sec. 3(f) of Public Law 93-647 imposed the requirements of sec. 2002(a)(9)(A) on Title IV-A and IV-B (Social Security Act) day care services, superseding requirements of sec. 522(d) of the Economic Opportunity Act.

Public Law 94-120, sec. 7 (Oct. 21, 1975)

- Suspended FIDCR staffing standards for children aged 6 weeks to 6 years, under certain conditions, effective to February 1976.

Public Law 94-401, sec. 2 (Sept. 7, 1976)

- Sec. 2 extended suspension of staffing standards to Sept. 30, 1977.

- Sec. 3 provided an additional $40 million in Title XX funds at 100 percent match for day care services for the period July 1 to Sept. 30, 1976, and an additional $200 million, under the same provision, for the period Oct. 1, 1976, to Sept. 30, 1977.

- Sec. 5 permitted waiving of staffing standards when fewer than 20 percent Title XX children are in care.

- Sec. 5 determined that in calculating the child-staff ratio for family day care homes, the number of children in care shall include the children of the caregiver under 6 years of age.

Public Law 95-171 (Nov. 12, 1977)

- Sec. 1(a) made an additional $200 million in Title XX funds available at 100 percent match for day care services for the period Oct. 1, 1977, to Sept. 30, 1978.

- Sec. 1(b) extended provision for calculation of child-staff ratio in family day care homes to Sept. 30, 1978.

- Sec. 1(d) extended suspension of staffing standards to Sept. 30, 1978.